

مركز الأخبار

NATO'S FIRST SHOTS IN ANGER

Russia Backs Downing of Jets in Bosnia

Strong Sign From West Of New Aggressive Role

By John Pomfret

WASHINGTON POST SERVICE
SARAJEVO, Bosnia-Herzegovina — Like the gruesome attack on Sarajevo's market place three weeks ago, NATO's downing of four Bosnian Serb warplanes is a military action that could crucially alter the course of the war.

By proving to the Bosnian Serbs and their mentors in Belgrade that "NATO has teeth," in the words of Lieutenant General Michael Rose, the commander of UN forces in Bosnia, the attack put the Serbs on notice that NATO and the United Nations have fundamentally transformed their roles in what used to be Yugoslavia.

Two questions remain. Does the United Nations have enough men in Bosnia to carry out the changes? And how will the warring parties, especially the Serbs and their foes, the Muslims, react?

UN officials say if the Serbs, who are largely seen as the main aggressors in this three-sided conflict, accept the novel role played by UN forces and the North Atlantic Treaty Organization, then the downing of the four warplanes could provide a jolt to the peace process aimed at stopping the 23-month battle to divide Bosnia.

But if Bosnian Serb forces take issue with the UN's more robust interpretation of its mission, backed by NATO planes, then they have placed themselves on a collision course with the international community, with potentially dire results for both the Serbs and the thousands of lightly armed UN soldiers and aid workers in Bosnia.

For most of the two-year war, the UN operation here has tipped around the combatants. In Bosnia, its main mission has been to deliver aid to the 2.7 million people estimated to rely on handouts to survive. Despite UN Security Council resolutions approving the use of "necessary force" to deliver aid here, UN troops have never shot their way through a roadblock.

Now, under the leadership of General Rose, the most dynamic of the mission's four

commanders since it began in July 1992, the UN operation has adopted a more aggressive stance, announcing, for example, that it would no longer seek permission for its aid convoys to cross battle lines, but instead would notify the warring sides and proceed with or without permission.

NATO, too, took an ambiguous approach to flexing its military muscles for the first time beyond the territory of its member-states when in April 1993 it began prosecuting a no-flight zone over Bosnia. Since then, there have been hundreds of violations, especially by helicopters, on all sides.

Now, in less than a month, NATO has issued an ultimatum to the Bosnian Serbs.

NEWS ANALYSIS

warning of air strikes if they did not withdraw their heavy weapons 20 kilometers from Sarajevo or put them under direct UN control. And finally it has shot down violators of the no-flight zone.

The Feb. 9 ultimatum followed an earlier military action as significant — albeit more shocking — as Monday's attack: the killing of 68 civilians in the shelling of a Sarajevo market on Feb. 5. It was that slaughter of civilians that prompted NATO to change forever the role it was playing in Bosnia.

"This was a gross miscalculation on the part of the Serbs," said a senior Western military official involved in the NATO operation. "These changes have thrown the Serbs seriously off-balance."

In an interview, General Rose said the NATO action Monday would help to further calm the situation in Sarajevo.

"This shows that if there's a NATO ultimatum it's not a hollow ultimatum," he said. "There's a clear read across to other NATO orders," like the one concerning Sarajevo.

Another unpredictable element is the mostly-Muslim army. If it takes the NATO attack as a sign that the international com-

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President Clinton discussing the downing of four Serbian warplanes on Monday.

Allies Say Serb Planes Bombed Muslim Ammunition Factory

New York Times Service

MOSCOW — After weeks of sharp opposition to Western military intervention in Bosnia, Russian officials said Monday that they supported NATO's actions in shooting down four planes on a bombing raid there earlier in the day — the first shots fired in anger in the alliance's 45-year history.

But, clearly juggling competing allegiances, Foreign Ministry officials here could not bring themselves to join the alliance in placing direct blame for the incident on the Bosnian Serbs.

The North Atlantic Treaty Organization asserted that the planes were from the Bosnian Serbs' air force and that they were shot down after they bombed a Muslim area.

But in a brief statement, the Russian Foreign Ministry said that the identity of the warplanes was not known and that the Bosnian Serb leadership had denied all responsibility for them.

"Whoever carried out the military sortie over Bosnia in violation of the corresponding UN Security Council resolutions on a no-fly zone, it is they who bear the full responsibility for what happened," the statement said. It went on to note that "these planes could belong to the Bosnian Serbs, though their military command rejects the possibility."

Moscow has vacillated considerably in its role as main defender of the Serbs, with whom they have strong historical ties. Only a week ago, Russian officials intervened on behalf of the West and helped persuade the Bosnian Serbs to withdraw their heavy artillery from around Sarajevo.

[Radovan Karadzic, leader of the Bosnian Serbs, arrived in Moscow on Monday for talks, hours after the incident. "I am here to ensure the peace process. Russia will help us," Mr. Karadzic said, according to Agence France-Press.]

Russian negotiators, who had scored a singular triumph in helping force the withdrawal, expressed deep anxiety Monday over the worsening situation. "We repeatedly warned the Serbs, Croats and Muslims against possible provocations by field commanders or anyone else," a senior Foreign Ministry official told the Russian news agency Interfax on Monday.

"Now, what we warned against and what we feared has happened."

Craig R. Whitney of The New York Times reported earlier from Bonn:

NATO officials said that two U.S. F-16 fighters brought down four Bosnian Serb light-attack bombers Monday after the Serbian planes attacked a Muslim-controlled ammunition factory in central Bosnia.

The officials said that the downed planes had been part of a flight of six aircraft encountered by a NATO patrol near the Bosnian Serbs' main air base at Banja Luka on Monday morning. The American pilots opened fire with heat-seeking missiles after twice warning the aircraft, two-seater jets made for the armed forces of the former Yugoslavia and known as Galeb, to land. The Bosnian Serbs ignored the warnings, NATO officials said.

The other two Bosnian Serb planes returned to base and landed safely, military officials said. There was no word as to the fate of the crews of the downed jets.

[In Washington, President Bill Clinton said that "every attempt was made" to avoid shooting down the aircraft. The Associated Press reported, Mr. Clinton said the downings complied with the United Nations mandate "to eliminate the prospect the war could be carried into the air."

Prime Minister John Major of Britain, who was in Washington on an official visit, endorsed the action. "There was no reason for these planes to be there," he said. "They were there with hostile intent. They were given a warning. They declined that warning. They were shot down and frankly they could expect nothing else."

The North Atlantic Treaty Organization has been patrolling the skies over Bosnia-Herzegovina since April under the authority of a United Nations Security Council resolution banning all other military flights there. Until Monday, See PLANES, Page 4

EU Warns China on U.K. Trade

By Kevin Murphy

HONG KONG — Reacting to fresh Chinese attacks on Britain for its pursuit of democratic reforms in Hong Kong, the European Union warned Beijing on Monday that its threats to retaliate against British trade risked a wider confrontation with the European Union.

In Beijing for official talks, the EU commissioner in charge of external economic relations and trade policy, Sir Leon Brittan, clashed with China's minister for foreign trade, Wu Yi, who asserted that British trade success in China may depend on the outcome of the political dispute that has raged for 17 months over the colony.

"Any action that discriminated against one member state on political grounds would be a very serious matter not just for that country but for the EU as a whole," Sir Leon said at a joint news conference with Miss Wu.

"The European Union was founded on the principle of solidarity," he said, according to news agency reports, fol-

lowing discussions that included the possibility of China's returning to the General Agreement on Tariffs and Trade.

When Miss Wu said that Sir Leon's concern was understandable since he was British, Sir Leon responded: "That has nothing to do with it at all. I speak as a commissioner whose task it is to represent the interests of the European Union as a whole, and if Madame Wu doesn't fully appreciate that, I'm glad to make it clear now."

Despite Miss Wu's reply that her comment "was a joke," the press conference was ended.

[Sir Leon said later he had received assurances that China would not punish EU companies, Reuters reported from London. "I have had an assurance from the very highest level in China saying that there will be no discrimination against any individual member state of the EU and that it is recognized that nondiscrimination is a fundamental principle of the GATT," he was quoted as telling BBC radio.]

Sir Leon declined to specify countermeasures the European Union might take.

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'Be Firm,' Dissident Tells U.S.

By Daniel Southerland

BEIJING — Wei Jingsheng, China's best known dissident, has called on President Bill Clinton to toughen the U.S. stance on human-rights abuses in China as the United States began a new round of talks with Beijing on Monday.

John Shattuck, assistant secretary of state for human rights, met with Mr. Wei on Sunday, the eve of meetings with Chinese officials to discuss human-rights issues.

The U.S. Embassy had no comment on the meeting with Mr. Wei, but the dissident told The Associated Press on Monday that Mr. Shattuck had asked if he had anything he wished to pass along to Mr. Clinton.

"I said the U.S. government should be more firm in its position," the outspoken Mr. Wei was quoted as saying. "The U.S. government's attitude should be as tough as the Chinese."

Mr. Shattuck is the highest U.S. official to meet with Mr. Wei.

Following his release last fall after nearly 15 years in prison, Mr. Wei has persisted in speaking out despite repeated warnings that he should stop publishing his views overseas and giving interviews to foreign reporters.

Meanwhile, in a background briefing for American reporters on U.S.-Chinese relations, a senior Chinese Foreign Ministry official was asked about Mr. Shattuck's meeting with Mr. Wei. He said that the United States should look at the bright side of China's development and not just listen to what he described as the views of a small minority of its malcontents.

Beijing has set out a hard-line stance on the talks in recent weeks by publishing attacks on alleged American hypocrisy in making human-rights demands on other nations while ignoring racism, poverty, and other problems at home.

China's stance apparently reflects a growing consensus among top party leaders that economic concerns top the

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Russia Expels U.S. Diplomat Named as Agent

By Fred Hiatt

MOSCOW — Russia on Monday expelled a U.S. Embassy official, identified by Russians as the CIA station chief, in retaliation for Washington's expulsion of a Russian intelligence official last week.

Russian officials then expressed hope that the first espionage flare-up since the Cold War would not escalate further.

Ambassador Thomas R. Pickering confirmed Monday that a U.S. official, whom he did not name, had been ordered to leave. Russian officials identified the expelled man as James Morris and said he was in charge of intelligence here. Mr. Morris, listed officially as an embassy counselor, could not be reached for comment.

In an apparently unrelated move, President Boris N. Yeltsin dismissed his domestic intelligence chief on Monday, heightening the impression of disarray in his administration in the aftermath of the freeing from jail of several of his bitter political foes.

The mutual expulsions stem from the arrest last week in Virginia of a top CIA officer.

Economic rivalry between the United States and Russia comes to the fore. Page 3.

Aldrich Hazen Ames, and his wife on charges of spying for the Soviet Union and Russia. To protest Russia's infiltration of the CIA, Washington ordered the expulsion Friday of Alexander I. Lysenko, described as chief of Russia's intelligence station there.

Russian officials, including Foreign Minister Andrei V. Kozirev, expressed indignation at the expulsion of an official who had openly identified himself as being in the intelligence business. "In this situation, we are obliged, on the basis of mutuality, to declare the CIA representative in Moscow persona non grata," the Foreign Ministry said in a statement.

Officials in the Foreign Ministry and the external intelligence service both said they hoped the fight would end there, without further damage to bilateral relations. A presidential spokesman said he did not believe Mr. Yeltsin was involved in the decision.

"We are very much upset and regret that it happened in the first place and hope that this will put a full stop" to the dispute, said an

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Kiosk

Algerian Hijackers Surrender in Spain

ALICANTE, Spain (AFP) — Three hijackers who diverted an Algerian jetliner with 127 passengers and crew to this southern seaside resort gave up on Monday and placed themselves in the custody of Spanish authorities, the police announced.

All passengers and crew were freed from the Boeing 727, which had been surrounded by the police as local officials aided by French and Arab interpreters negotiated with the hijackers.

The Spanish news agency EFE and sources in the Ministry of Transportation reported that the hijackers had asked for political asylum, but Interior Ministry officials said they could not confirm this. The plane was on a domestic flight from Oran in western Algeria to Annaba in the east of the country when it was seized.

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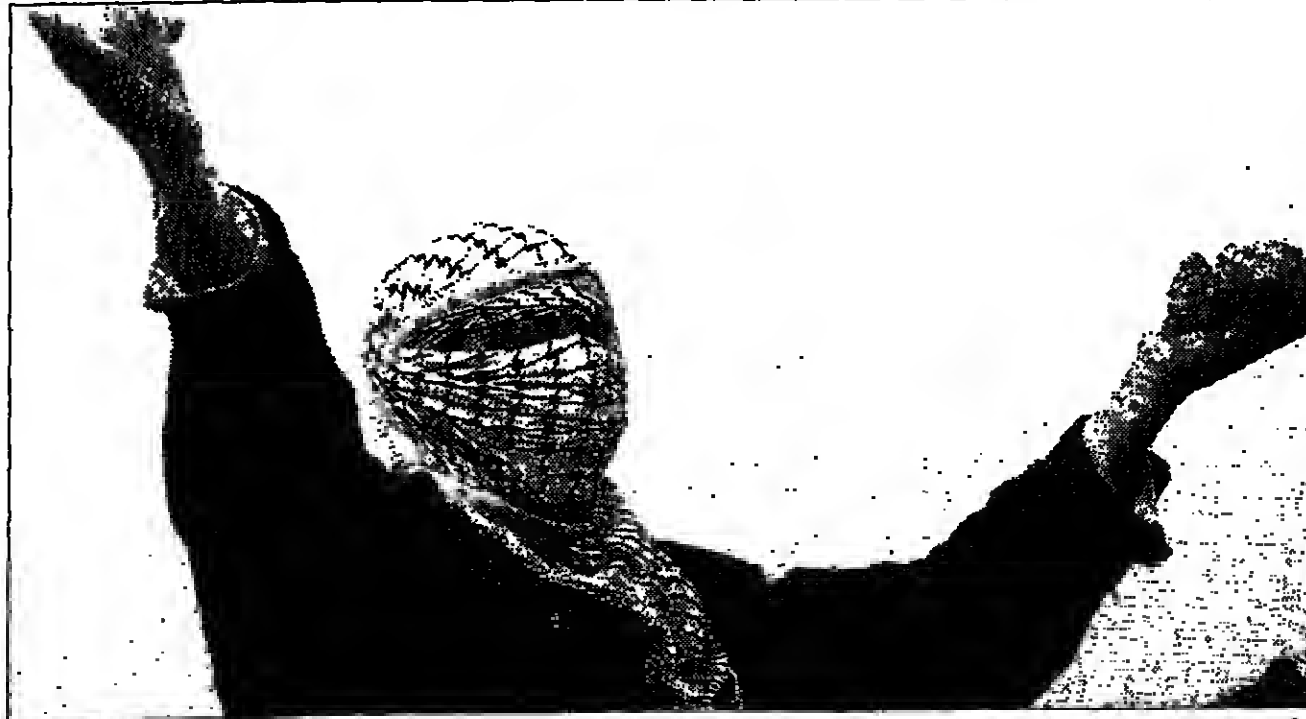
Dow Jones	Trib Index
Down 6.76	Up 0.93%
3,832.02	115.52

The Dollar	Mon close	previous close
DM	1.7042	1.711
Pound	1.4855	1.4885
Yen	104.585	104.80
FF	5.7905	5.81

Newsstand Prices

Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....1.20 FF	Morocco.....12 Dh
Armenia.....1.400 CFA	Qatar.....8.00 Riols
Comoros.....1.400 CFA	Reunion.....11.20 FF
Egypt.....9.00 FF	Saudi Arabia.....9.00 R.
France.....9.00 FF	Senegal.....900 CFA
Gabon.....960 CFA	Spain.....200 PTAS
Greece.....300 Dr.	Tunisia.....1,000 Din
Ivory Coast.....1,120 CFA	Turkey.....8.50 Liras
Jordan.....1 JD	U.A.E.....8.50 Dirh
Lebanon.....US\$ 1.50	U.S. Mil. (Eur.) \$1.10

Rabin Cautions Palestinians as Focus Shifts to Talks



A Palestinian facing police officers with a handful of stones Monday in East Jerusalem as clashes continued after the mosque killings.

By Clyde Haberman

New York Times Service

JERUSALEM — Prime Minister Yitzhak Rabin warned the Palestinians on Monday not to use the Hebron mosque massacre to set unrealistic conditions for their return to peace talks.

But in words both lacerating and relentless, he declared murderous settlers in the occupied territories to be outcasts, alien to Israel and to Judaism.

Mr. Rabin suggested that, despite Palestinian demands, he would take no further measures against Jewish settlers in the occupied territories beyond those announced on Sunday, aimed at a relatively small group of extremists preaching the anti-Arab views of the late Rabbi Meir Kahane.

[But Mr. Rabin said he would accept an international civilian presence in the occupied Gaza Strip and Jericho in the West Bank. Agence France-Press reported. "We would agree to the deployment of an international presence in the Gaza Strip and Jericho," he told representatives of American Jewish organizations.]

Under a toughened new policy, some Jews —

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White House Bumbling on Foreign Leaders' Names Spells Trouble

By Alan Friedman

PARIS — In the ethereal world of high-level diplomacy, it's often the little things that count, like spelling the names of government ministers correctly.

Now, with less than two weeks to go before President Bill Clinton is to be the host of a high-profile jobs conference in Detroit, senior European government aides are grumbling to private about what they describe as White House disarray in making preparations.

"I don't want to be impolite," said one Italian government official, chuckling, "but this Clinton presidency! Oh

dear! It is a real *franco misto*. They are mixing up our names and our titles."

Given the Old World's obsession with protocol, this is not the first time an American government has been accused of sloppiness. But the complaints from Europe only begin with the problem of misspelled names, which are contained in a letter and briefing documents sent by the White House on Feb. 18 to officials planning for the Group of Seven jobs meeting.

A copy of the White House documents that has been obtained by the International Herald Tribune shows the victims of poor spelling are Kenneth Clarke, Britain's

chancellor of the Exchequer (spelled Clark); Norbert Blum, Germany's labor minister (spelled Blohm); Piero Barucci, Italy's Treasury minister (who was called Pietro); and Henning Christophersen, Europe's economics commissioner (spelled Christopherson).

Unlike the other ministers who will go to Detroit, Edmond Alphandery, the French economics minister, and Michel Giraud, the labor minister, had their first names lopped off the list entirely.

European hackles were raised further because the Clinton administration, which last year invited G-7 partners to attend the meeting, has asked those whose names it has

misspelled to pay for their own rooms at the Westin Hotel Renaissance Center in Detroit. "We were not even told the venue would be Detroit until very recently," moaned a German government official.

"It is all a bit of a mess," he added.

If misspelling names and asking guests to pay their own way are merely awkward, President Clinton has also caused a real flap over protocol by inviting Jacques Delors, the European Commission president whose ideas he likes, but whose station is well above the ministerial rank of the

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Foreign Minister Shimon Peres, left, conferring with Prime Minister Yitzhak Rabin at a parliamentary debate Monday on the killings.

PLO Sets Condition For Return to Talks

Group to Seek UN's Support For Plea to Disarm Settlers

By Youssef M. Ibrahim
New York Times Service

BETHLEHEM — Reflecting a wave of revision that has spread among Palestinians in the West Bank and Gaza Strip over the massacre of Palestinians by a Jewish settler, a senior Palestine Liberation Organization official said Monday that the disarming of militant settlers was a condition for the return of the PLO to peace talks.

Yasser Abed Rabbo, the PLO's information chief and a senior member of the Palestinian negotiating team, said Palestinians were launching a campaign to persuade members of the United Nations Security Council to back this demand.

The move reflects a conviction among the estimated two million Palestinians living under Israeli occupation that further talks with Israel are pointless otherwise.

[The United States rejected the PLO conditions Monday, Reuters reported from Washington. The State Department spokesman, Mike McCurry, said the talks should continue on the same basis as before.]

The fact that Dr. Baruch Goldstein, the settler who gunned down dozens of worshippers at the Hebron mosque Friday, was an American citizen was widely pointed out in Arab rallies Monday. Many reports stressed that fundamentalist American Jews are flocking to inhabit Jewish settlements here, financed by donations from supporters in the United States. The charge has inflamed latent anti-American sentiment among many Palestinians.

Speaking at the Tunis headquarters of the PLO, Mr. Abed Rabbo said Palestinian representatives will travel to Washington to explain the organization's new position on the disarming of settlers. The issue has now been elevated to the status of a virtually nonnegotiable condition for the resolution of the 43-year-old Palestinian-Israeli conflict.

"The question is no longer to go on with the talks, but to protect the Palestinians from the rule of terror imposed by Jewish settlers," Mr. Abed Rabbo said in a radio interview. "This takes precedence over anything else."

The PLO's move to harden its stance has been dictated by the very real threat that if the organization were to decide to resume talks without receiving concessions on means of containing provocative behavior by Jewish settlers — who until Friday openly roamed the streets of Hebron in the West Bank with their weapons in hand — it would lose its following here.

It is also certain that the PLO is trying to use the circumstances of the massacre and its impact to pull the United States back into the peace process on the side of Palestinians.

Elias Freij, the mayor of Bethlehem, considered to be among the most moderate Palestinians in the occupied territories, underlined Monday the extent of Palestinian demands that something be done about settlers' behavior.

"Peace in the territories and Jewish settlements don't go together," he said.

"These Israeli settler extremists are well-known to all who live here."

"These people have, for years openly called for the expulsion of Palestinians from the West Bank," he said.

"The only way to stop it is to take armed settlers out of Arab regions. They cannot be allowed to stroll about with weapons among unarmed Palestinians any more. Otherwise forget about peace talks."

While moderate Palestinians such as Mr. Freij would continue to support the peace process if a compromise was reached over disarming settlers, the very notion of further talks with Israel is met with total rejection among militant Muslim fundamentalists in Hebron, for whom support has dramatically increased after the killing.

ISRAEL: Warning to Palestinians

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unofficial estimates are about 40 for now — would be stripped of their guns, arrested without formal charges, barred from the territories. In addition, the government is studying the possibility of outlawing the Kadda movement and other Kahane-inspired groups. Dr. Baruch Goldstein, the settler who gunned down dozens of Muslims as they knelt in prayer at a Hebron mosque on Friday, was a Kahane follower.

These steps, however, do not go nearly far enough for the Palestine Liberation Organization, which is under great pressure from enraged Palestinians and demands that all settlers be disarmed, that flash-point settlements like those in and around Hebron be dismantled and that an international force be sent in to protect people in the territories.

But Mr. Rabin, while appealing to the PLO to return to the bargaining table, hinted that these were unacceptable conditions, saying that Israel has "no intention of compromising even one iota" on security, including for the roughly 130,000 settlers.

Mr. Rabin was supported in this Monday by the United States, which called on the two sides to resume their negotiations in Washington based on agreements already reached for the start of Palestinian self-rule. That position reflected a concern that if issues like removing settlements were to be raised now — instead of in several years, as originally planned — the outline accord reached by Israel and the PLO in September could unravel.

Although the focus was on how to keep the peace talks from falling apart, the massacre continued to take an emotional toll, sparking Arab rage in the territories and Israeli anger and prompting many Israelis to look deep into their souls.

Revelation has been keen among Israelis over the murders and the praise for the killer offered by some militant settlers. It also has not been lost on many Israelis that Dr. Goldstein, like many Kahane disciples, was an American, from Brooklyn, New York.

Speaking to parliament, Mr. Rabin captured this widely shared

spirit, but his words were strikingly harsh and unforgiving, describing Dr. Goldstein as a "villainous Jew," "a horrible man," and a "Jewish Hamas member" — a reference to a militant Islamic group that is strong in the territories.

"To him and to those like him, we say: You are not part of the community of Israel," the prime minister said. "You are not part of the national democratic camp which we all belong to in this house, and many of the people despise you. You are not partners in the Zionist enterprise."

"Sensible Judaism spits you out. You placed yourself outside the wall of Jewish law. You are a shame on Zionism and an embarrassment to Judaism."

A Call to Rescue Talks

Israel urged Washington on Monday to rescue peace talks threatened by an Arab walkout, news agencies reported from Jerusalem.

U.S.-sponsored peace talks that had been scheduled to take place Monday in Washington were suspended after the Syrian-Lebanese withdrawal in solidarity with the PLO and returned home for consultations. In Tunisia, the PLO Executive Committee said Monday that resuming talks with Israel was impossible for now because Israel had not taken adequate steps to curb attacks on Palestinians.

The PLO decided to send envoys to Washington and Moscow to explain the Palestinians' demand for the removal of Jewish settlements from the occupied territories.

Earlier Monday, Israeli's deputy foreign minister, Yossi Beilin, called the suspension of talks "worrisome."

The next step should be the intervention of the Americans," he said. Jordanian delegations withdrew Sunday in solidarity with the PLO and returned home for consultations. In Tunisia, the PLO Executive Committee said Monday that resuming talks with Israel was impossible for now because Israel had not taken adequate steps to curb attacks on Palestinians.

Also Monday, Arab sources said two Palestinians were killed in clashes with Israeli soldiers in a fourth day of bloodshed in the occupied West Bank since the mosque killings.

(AP, Reuters, AFP)

WORLD BRIEFS

Unionists to Shun Ulster Peace Talks

BELFAST (Combined Dispatches) — The Ulster Unionist Party said Monday it would not take any further part in peace talks among the British and Irish governments and the constitutional local parties in Northern Ireland.

The announcement said the party would remain out of the talks until new political structures were set up in Northern Ireland. The announcement was seen as a blow to Prime Minister John Major's efforts to resume the talks as a means of demonstrating to Sinn Fein, the political wing of the IRA, that it had lost the initiative in the Ulster debate.

Sinn Fein, in its annual congress in Dublin over the weekend, failed either to accept or reject the British-Irish Joint Declaration on Northern Ireland, which offered it a place in negotiations when the IRA renounced violence for three months. Britain and Ireland signed a joint peace declaration in December seeking to end the long guerrilla conflict and bring the IRA to the negotiating table. (AFP, Reuters)

UN Is Told of Iraqi 'Reign of Terror'

GENEVA (IHT) — In unusually blunt language, a UN human-rights monitor, Max van der Stoep, accused the regime of Saddam Hussein on Monday of a continuing "reign of terror" against the people of Iraq, replete with "executions, torture, illegal detention, restrictions on travel and press freedom as well as abuse of the rights of women and children."

At the annual session of the 52-nation Commission on Human Rights in Geneva, Mr. van der Stoep, a former Dutch foreign minister, painted a bleak picture of human deprivation, notably in the Kurdish regions of the north and the southern marshland, where the government's reclamation projects threaten a quarter of a million Shiite Iraqis with starvation.

The report, commissioned by the United Nations a year ago, says the Kurdish minority remains subjected to an economic blockade by Baghdad and survives on international aid, which covers only 7 in 10 percent of daily food requirements.

Danish Government Loses Majority

COPENHAGEN (Reuters) — Denmark's Social Democrat-led government lost its narrow parliamentary majority on Monday when a member of one of its coalition partners left her party to become an independent amid the fallout from a political scandal.

The departure from the Center Democrats party of Bente Juncker, the former social affairs minister, left the governing coalition in control of only 89 of the 179 seats in parliament. She had resigned from her cabinet post on Feb. 11 following leaks by her of unsubstantiated allegations of sexual misdeeds by the head of a center for the mentally handicapped.

Parliamentary commentators did not expect her resignation from the party to threaten the government's hold on power, since she pledged on Monday to support Prime Minister Poul Nyrup Rasmussen as an independent. "I plan to work out a cooperation plan for voting for government legislation," she said. "It won't be me who forces any premature election."

U.S. Makes Gesture to North Korea

WASHINGTON (AP) — The United States is ready to resume negotiations with North Korea if international inspection of the Communist nation's nuclear facilities proceeds on schedule, a State Department official said Monday.

Thomas Hubbard, a deputy assistant secretary of state, said that the announcement also would include a decision on a scheduled U.S.-South Korean military exercise. It has been widely speculated that if the inspections take place the exercise will be canceled. Mr. Hubbard refused to say when the negotiations would resume, but he would not dispute a report from South Korea that the date was March 21.

Inspectors of the International Atomic Energy Agency are scheduled to arrive in Pyongyang on Tuesday, Mr. Hubbard said they expected to complete, in about two weeks, their work of determining whether any nuclear material has been diverted from North Korean reactors.

TRAVEL UPDATE

Access to Mexican Pyramids Blocked

MEXICO CITY (Reuters) — About 200 vendors were blocking access to the majestic ruins of Teotihuacan on the outskirts of Mexico City to protest new rules barring them from the ancient site, the news agency Notimex said Sunday. The vendors closed off all five entrances to Teotihuacan since Thursday, preventing visitors and archaeological workers from entering, Notimex said. Teotihuacan, believed to have been built around A.D. 200, is best known for its tiered Pyramids of the Sun and Moon.

The city, which was destroyed by fire five centuries before the rise of the Aztecs, was named Teotihuacan, or City of the Gods, by Aztecs who marveled at its grand monuments. Under a plan aimed at exploring more of the eight and a half square miles (22 square kilometers) of the site, Mexico's National Institute of Anthropology and History ordered the removal of the vendors, who make a living peddling clay and obsidian replicas of ancient artifacts to tourists. More than a million tourists visit Teotihuacan each year.

One of China's biggest airlines hopes to improve its safety record after suffering a crash and a hijacking in the past 15 months. China Southern Airlines, which is soon to seek listing on an overseas stock market, will invest heavily in raising the quality of its pilots, management and installations, an official said Monday. (Reuters)

An outbreak of spinal meningitis has killed at least 28 people in Nigeria's northern Plateau state, state radio said on Monday. It said a team of medical experts and 10,000 doses of vaccines had been sent to the affected area. (Reuters)

NAMES: Bumbling Spells Trouble

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other G-7 delegates. At a meeting during the North Atlantic Treaty Organization summit meeting in Brussels in January, Mr. Clinton praised Mr. Delors for his White Paper on unemployment. He then invited Mr. Delors to Detroit, sending aides to the two scheduled delegates from Brussels — Economics Commissioner Christensen and Employment Commissioner Padraig Flynn — into a protocol nightmare.

The Clinton administration's protocol solution is to invite Mr. Delors as the president's guest on the morning of Monday, March 14, and for the European Commission chief to then become the guest of Vice President Al Gore.

Aside from these issues, European officials also note that Washington has dropped a plan to include business and labor representatives at the conference. The agenda, which begins with an address by Mr. Clinton, includes sessions on the world employment problem, technology and the private sector and labor markets and policy. The Detroit meeting is structured more like a seminar than a summit meeting, which has left some Europeans scratching their heads and dismissing the U.S. initiative as what one termed "a talking shop."

"The agenda is vague, and it has been revised twice already," noted an Italian ministerial aide. A White House spokesman, answering some of the complaints, said it was not unreasonable to ask G-7 governments to pay for their hotel rooms.

"At the NATO summit in Brussels we paid our own way," he explained. He conceded that the agenda had changed, but said that was simply because "it was refined, depending on who was available to speak." As for the misspelled names: "I'm not going to get into that," he said.

There is at least one consolation for some of the stuffer Europeans: The reservations office at the 73-story Westin Hotel in Detroit says it still has plenty of rooms available, with prices for a single room starting at just \$145 a night. Ministers beware, however: A suite can cost up to \$1,200.

Settlers See Mosque Gunman as Martyr

By Chris Hedges
and Joel Greenberg
New York Times Service

KIRYAT ARBA, Israeli-Occupied West Bank — On the night before the massacre that would lead to his death, Baruch Goldstein prayed for the last time at the dimly lit Tomb of the Patriarchs.

He was there to participate in services marking the Jewish holiday of Purim. But when Arab worshippers on the other side of the partition in the shrine began to taunt the Jews, Dr. Goldstein seemed particularly distraught, other settlers said.

"The Arabs were screaming out during our prayers that the Jews should be slaughtered," said Yehuda Burdman, a settler. "The fact that he could not even say his prayers greatly upset him."

The next morning at about 5, Israeli Army investigators said, Dr. Goldstein walked out of his ground-floor apartment dressed in the captain's uniform he wore as an army reserve doctor. He carried an Israeli-made Galil rifle and at least four magazines with 35 bullets apiece.

It was the dawn of Purim, a raucous holiday celebrating the deliverance of Persian Jews from a plot to destroy them in the 5th century B.C. and the fierce revenge they took against their enemies. Dr. Goldstein's friends, as perhaps he hoped they would, compared him Sunday to Mordechai, the hero of the Purim story.

The doctor, who was well-known to soldiers and settlers, arrived at the Tomb of the Patriarchs at about 5:30, entering through a side entrance and passing by soldiers, who did not challenge him. He moved swiftly toward the door of the mosque, where hundreds of Arabs were saying their Friday morning prayers in observance of Ramadan, the Muslim holy month of penance.

Mohammed Abu Saleh, a guard at the mosque door, said that Dr. Goldstein had demanded to enter, saying he was the duty officer, and that when Mr. Abu Saleh objected, the doctor knocked him down with the butt of his rifle.

"When I saw him, he was running toward the hall where everyone was saying prayers," said Khaton Kafisha, who had been taking off his shoes near the door. "He could have shot any one of us who was outside, but it was clear he only wanted to open fire on the

worshippers so he could hit as many people as possible.

"He didn't say a word," Dr. Goldstein loaded a magazine into his assault rifle, put on what witnesses described as protective ear cups in deadened the noise and opened fire on the Muslims kneeling in tight rows, heads bowed to the ground. He stood near the back wall of the mosque, out of

'It crushed him to see Jews get hurt and no one, not even the government, ever react.'

range of closed-circuit television cameras that are monitored by Israeli soldiers at the shrine.

The doctor fired 111 rounds from three and a half magazines, army investigators said.

Worshippers reported hearing long bursts of gunfire. Some also said loud explosions shook the mosque, but Israeli officials said there was no evidence that grenades were used. The massacre was over in about two minutes.

Many Jews, who gathered in small groups in the drizzle that drenched Kiryat Arba on Sunday, said they shared Dr. Goldstein's anger and feeling of powerlessness.

"Until you experience the pain he felt you can't condemn him," said a middle-aged woman who lives near the Goldsteins. "It crushed him to see Jews get hurt and no one, not even the government, ever react. He could not stand to see the Jewish people live in their own land and yet not be free."

The inner world of Dr. Goldstein was clearly colored by the messianic, often racist rantings of radical Jewish settlers who deny Palestinian rights to the occupied territories and say the world is bent on exterminating the Jews.

As the doctor's ideological structure began to crumble, first with the assassination of the radical Rabbi Meir Kahane and then with the peace talks with the Palestinians, it cast him adrift, neighbors said. And when several friends were killed by Palestinians, something in him snapped, they said.

"The murder of Rabbi Kahane had a huge

effect on him," a neighbor said. "He looked like a shadow of himself after the Kahane murder, but the killing of his friend Mordechai Lapid, who died in his arms in December, broke him. His ideas became even more radical."

"He always talked of revenge. He was a quiet man, but in his heart he was seething with anger."

Mr. Lapid was ambushed Dec. 6 by Palestinian gunmen just outside the settlement. One of Mr. Lapid's sons also died in the shooting, and three of his children were wounded.

Dr. Goldstein was one of the first people on the scene, hurt he could not save his friend. There was little remorse expressed by the settlers in Kiryat Arba for the scores of dead Palestinians left sprawled on the floor of the mosque. But most bemoaned the death of the doctor — and even defended his attack.

"This act should not be condemned," said Mr. Ben-Yaacov, who immigrated from Stony Brook, New York, and converted to Judaism. "If none of us condemn the act, it will make the Arabs afraid and prevent many attacks."

Matityahu Alansky, a New York native, stood outside Dr. Goldstein's yellow limestone apartment building, where he had just left a letter of condolence for the doctor's widow and children.

He said the doctor had bolstered the spirits of many settlers, who fear the government will close the settlements as part of the peace accord with the Palestine Liberation Organization.

"We are proud of what he did," Mr. Alansky said. "He has given us pride as Jews. He is a hero. People may have died, but he has given life to the country. He has shown us that God is with us, that Jews will now fight back."

At a small grocery just yards from Dr. Goldstein's apartment, employees were pasting a large sign in Hebrew on the window. The men, some carrying automatic weapons, stood under a small tarpaulin that protected them from the rain. Many wore damp black army boots.

"We wish to express our pain and sorrow at the loss of the martyr Dr. Baruch Goldstein," the sign read.

The hand-lettered notice likened the death of Dr. Goldstein to that of the prophet Elijah, who ascended to heaven in a chariot of fire.

EU Gives 4 Candidates More Time for Accord

By Tom Buertke
International Herald Tribune

BRUSSELS — The European Union indicated a readiness to extend membership negotiations with Austria, Sweden, Finland and Norway on Monday to prevent stalemates over fish, trucking, and other issues from splitting the four candidates.

Germany effectively lifted the declared deadline of midnight Monday when Foreign Minister Klaus Kinkel said the EU must avoid leaving behind Norway and Austria, which have made less progress in the talks than Finland and Sweden.

The Greek European affairs minister, Theodore Pangalos, warned Sunday that Norway and Austria might need several more months to reach agreements. Greece holds the rotating EU presidency.

EU leaders set the Monday deadline so the European Parliament and the four candidates could ratify the accords in time for EU entry on Jan. 1, 1995, but officials acknowledge that talks could continue as late as March 10 and still hold to the ratification timetable.

The aim Monday was to "get it to the point where both sides reach the end of their negotiating tether," an official said, then allow the candidates to go back to their capitals and weigh final compromises.

There were plenty of sticking points on all sides.

The 12 EU member states failed to agree on their bottom line at an internal bargaining session early Monday.

Spain's European affairs minister, Carlos Westendorp, said Madrid would be back down on its demand to maintain existing voting rules, which allow as few as three countries to block important EU initiatives. Most other states, led by Germany, want to dilute the blocking minority, but Prime Minister Felipe Gonzalez wrote to Chancellor Helmut Kohl on Monday to stress that the existing rules were "vital" to Spain, a Spanish spokesman said.

Finland rejected the EU's offer on farm supports as too stingy, while Sweden failed to budge the EU on its demand to phase in its contributions to the EU budget over several years.

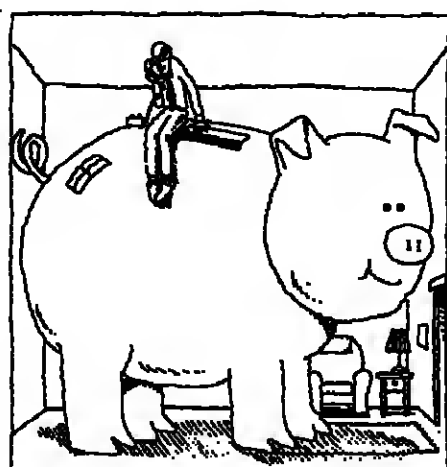
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★ POLITICAL NOTES ★

Echoes of the Past in Harlem Politics

NEW YORK — In recent days the phone in the East Harlem office of City Councilman Adam Clayton Powell 4th has been ringing more frequently, and the stream of visitors has considerably thickened. The interruptions come from people offering advice to Mr. Powell as he considers whether to run for Congress against Representative Charles B. Rangel.

If Mr. Powell does run — something he says he is seriously considering — it would produce a political battle with passions that have smoldered for nearly a quarter-century. It was 24 years ago that Mr. Rangel unseated Mr. Powell's father, Adam Clayton Powell Jr., ending the career of the man who was once the nation's most powerful black lawmaker.

It would also provide Mr. Rangel with the first serious opposition he has faced since that election. Both men are Democrats. "Some people think I'm running to pay back Rangel," said Mr. Powell, sitting in an office filled with memorabilia of his father, who died in 1972. "But if I run, it will be because I want to bring better representation to this district, better accountability and better leadership."

If Mr. Powell runs, the parallels to the earlier race would be inescapable. In 1970 Mr. Rangel was a 40-year-old political neophyte in the State Assembly when he defeated the famous congressman who was 61 at the time, in one of the most bitter elections in Harlem's history.

In that campaign Mr. Rangel accused Mr. Powell, who had previously been the chairman of the House Committee on Education and Labor and was still the dominant figure in Harlem politics, of neglecting his district. Before that race, Mr. Powell rarely had significant opposition in his 22 years in Congress.

Now, Mr. Rangel, at 63, is a senior member of the House Ways and Means Committee and is one of the most influential members of Congress. In the younger Mr. Powell, 31, he would face a relative newcomer to the City Council who hopes to capitalize on voters' frustration with incumbency and who asserts that the Harlem congressman has done little for his neighborhood. (NYT)

All the News That's Fit to Print on Perot

NEW YORK — Ross Perot, according to Michal L. Sifry, may be either the catalyst for an important new social movement or "a dictator in waiting." Either way, Mr. Sifry figures, there ought to be a market for a newsletter about the billionaire and his movement.

The result: The Perot Periodical, a quarterly that The Columbia Journalism Review recently dubbed the classic of a new crop of niche political publications. Others include The Clinton Chronicle, a monthly tantrum against the commander in chief, and Stephanopolis, the newsletter of the George Stephanopoulos Fan Club.

Mr. Sifry is now working on the third issue of The Perot Periodical. And in case readers don't get the point, the newsletter with the caricature of Mr. Perot as an "albino monkey in a zoo" is not authorized by the former presidential candidate.

Mr. Sifry says the heart of his effort is to chronicle a movement that is being overlooked by major news organizations. He says Mr. Perot may have been prematurely declared "washed up" by Washington pundits. (NYT)

North Gets a Rude Reception at College

WASHINGTON — Oliver L. North was heckled and repeatedly interrupted during a speech at a Maryland college as students accused him of lying and being biased against homosexuals.

Mr. North, the former Reagan administration aide and trans-contrarian figure who is seeking the Republican nomination for the U.S. Senate from Virginia, responded politely to the hecklers at the appearance at Towson State University near Baltimore. Although several in the crowd criticized Mr. North for opposing plans to allow homosexuals to serve in the military, most of the 300 audience members cheered his stance.

Allowing homosexuals to serve in the military "is destructive of the readiness of the armed services," said Mr. North, a former Marine officer. (WFP)

Quote/Unquote

Prime Minister John Major of Britain on the shooting down of four Bosnian Serbian aircraft: "There was no reason for these planes to be there. They were there with hostile intent. They were given a warning. They declined that warning. They were shot down and frankly they could expect nothing else." (AP)

Tug of War Over Health Care

Proponents of Canadian-Style System Wield Influence

By Robin Toner

New York Times Service

WASHINGTON — If the struggle over health care is a struggle for the soul of the president and his party, Representative James Cooper is yanking in one direction and Jim McDermott is pulling in the other.

Mr. Cooper of Tennessee, young tribune of the New Democrats, urges President Bill Clinton to go slow, to turn away from the lure of big government even if it means forsaking the goal of universal coverage.

Mr. McDermott, an amiable liberal from Seattle, who was practicing psychiatry while Mr. Cooper was still prepping at Groton, urges the president to stay committed to the goal of universal coverage — not someday but now — and to recognize that a straightforward government insurance program like Canada's is the best way.

Mr. Cooper is very hot in Washington. Mr. McDermott and his cause — the less-than-grandly titled single-payer movement — have been regarded by many as a charming anachronism, the earth shoes of health policy.

"Right now, if you read the newspapers, you'd think it was Cooper versus the president," Mr. McDermott gumbles.

In a recent meeting at the White House, Mr. McDermott and some of his allies served notice that they were still very much in the game.

It is, in fact, very easy to underestimate the single-payer influence in the House — and wrong, Mr. McDermott has 90 Democratic co-sponsors for his health-care bill in the House. Mr. Cooper has 57 in both parties.

Supporters of a Canadian-style health system are scattered across the Ways and Means Committee, the Education and Labor Committee, the Energy and Commerce Committee, all places where they can make their influence felt as the legislative process begins.

They are the Democratic base for health-care overhaul, a sturdy counterweight to efforts to push Mr. Clinton to the right.

At the very least, they expect Mr. Clinton to live up to his promise of guaranteeing coverage to all.

"It'll be the single-payer people in the subcommittees who will keep universal coverage from being phased in over 45 years," said a Democratic strategist in Capitol Hill, a Clinton backer.

Away From Politics

• A man who accused Cardinal Joseph Bernardin of sexually abusing him in the 1970s dropped his lawsuit against the prelate on Monday. Steven J. Cook, 34, of Philadelphia, told a Cincinnati court he now realized his memories of the alleged abuse by the cardinal were unreliable. He said those memories arose during and after hypnosis.

• Blaming Jews for Christ's death, Louis Farrakhan, a Black Muslim leader, said in Chicago that white people were created by God for a special, evil purpose. Mr. Farrakhan, leader of the Nation of Islam, also attacked leaders, black and white, who had sided against him in his recent battles with the Anti-Defamation League of B'nai B'rith.

• The federal Brady gun law took effect Monday, turning firearms dealers in 32 states into a first line

of defense to keep felons from buying handguns. The dealers, who enjoyed brisk sales in anticipation, were quick to criticize newly required, expanded or reinforced background checks.

• Threatening to blow himself up on a Potomac River bridge near downtown Washington, a man finally surrendered Monday after a six-hour standoff that blocked a major traffic route. Police threw a net over Sadiq Abubakar, Nigerian-born, and shoved him into a van after he got out of his gray Mercedes sedan, which had been blocking the 14th Street Bridge.

• Cape Canaveral ground crews began a three-day launch countdown for the shuttle Columbia, poised to lift off Thursday for two weeks of garden-variety science and technology research. (AP, Reuters)

Long-Ignored U.S.-Russia Struggle: Economic Rivalry

By Thomas L. Friedman

New York Times Service

WASHINGTON — The tension between the United States and Russia over the war in Bosnia and Russia's spying in Washington has raised the question in the minds of many: Just what is the relationship between America and Russia today? Allies? Not exactly. Enemies? Not really. Acquaintances? That's not it either.

Across Washington last week, officials, diplomats and lawmakers struggled with that question as Russia has engaged in more and more behavior that seems hostile to American interests.

At stake in the answer is everything from \$4 billion in American aid to NATO's willingness to accept Moscow into the alliance one day.

About all that is clear now is that the optimistic post-Cold War consensus in Washington about a "partnership" between Russia and the United States seems to be crumbling.

Even one of the leading advocates of American assistance to Russia, Senator Richard G. Lugar, Republican of Indiana, declared Sunday on an NBC News program: "We have to get over the idea that this is a partnership. This is a tough rivalry, and that is an important distinction to make."

The confusion over America's relationship with Russia grows out of the false

assumption that the United States had only one conflict with Moscow during the Cold War: the ideological struggle between democracy and communism.

That was the struggle that received all the attention. But there was another, less obvious conflict, which existed before Russia became Communist in 1917 and still exists today: the natural competition be-

NEWS ANALYSIS

tween states — competition for raw materials, economic wealth and security.

Russia, which occupies one-seventh of the world's land mass and is the home of 150 million people, will always be a voracious competitor for resources, whether it is led by a Jefferson or a Yeltsin.

It was easy to assume that once Russia abandoned communism and moved toward a free-market democracy, spying would end and an era of fraternity would begin. But Americans are now learning that after the competition of ideology ends, the competition of states survives.

That is why Alexis de Tocqueville wrote in 1835 that history and geography would always make the Russian-American relationship complex. "There are now two great nations in the world which, starting from different points, seem to be advancing toward the same goal: the Russians and the Anglo-Americans."

"America's conquests are made with plowshares, Russia's with the sword," he wrote. "Their point of departure is different and their paths diverse; nevertheless, each seems called by some secret desire of Providence one day to hold in its hands the destinies of half the world."

The nature of the rivalry in the immediate future will depend a great deal on how Russia defines itself. Will Russia define itself as a pure democracy, like Britain or France, and therefore limit its competition with the United States to the economic sphere? Or will it define itself differently?

That definition, said Daniel Yergin, an economic historian, will depend on the outcome of three transitions under way in Russia: a transition from Communist dictatorship to democracy, from a planned economy to a free market and from an empire to a nation-state.

All three of these transitions are incomplete, and none is assured of a happy ending — as events like the release in Moscow on Saturday of hard-liners who plotted the overthrow of President Boris N. Yeltsin only underscore.

"Until two and half months ago," Mr. Yergin said, "there was a complacency in the United States that everything was settled and behind us, and that while Russia was interesting, at times confusing, it didn't really matter much — it was on autopilot."

"But that American consensus has broken down, and it is now in need of rethinking and re-articulation."

Clearly understanding that Russia is still up for grabs, President Bill Clinton, has begun to try to build a new consensus about relations with Moscow, based on a more hard-headed reading of politics there.

At a news conference on Friday, Mr. Clinton said: "What I think is naive is the suggestion that we should have ever believed for a moment that every event in Russia and every speech made by every Russian politician in every election of every member of parliament would somehow be in a constant straight line toward a goal that we wanted to predetermine. This is not black and white; this is gray."

Mr. Clinton argued that the United States should continue giving aid to Russia to increase the likelihood that the liberal reformers there would win and be the ones to define the America-Russia relationship.

"It is in our national interests to continue working with Russia, to lower the nuclear threshold, to support the development of Russia as a peaceful democracy," Mr. Clinton said. Virtually all American foreign aid to Russia, he said, is intended to go to grass-roots projects to privatize state-owned businesses and toward building democratic institutions, dismantling nuclear missiles and helping a market economy to take hold in individual cities.

That is precisely the sort of aid that should be continued, he indicated, no matter what happens in Moscow.

But as logical as that view may be, it will not be easy to sustain if the drift toward nationalism, pan-Slavism and populist economics continues apace in Moscow, or if more Russian spies are uncovered at the CIA.

That is the kind of drift in sentiment that Mr. Clinton now finds himself fighting. But the question for Mr. Clinton is how understanding he can afford to be of Moscow as Russia goes through the painful process of defining itself as a state.

On one hand, he does not want to drive Moscow to extremes by being too tough, say, by expelling all Russian intelligence agents from Washington. On the other hand, being too tolerant, as he may have been when Russia intervened this month in Sarajevo on behalf of the Serbs, can encourage the worst instincts in Moscow.

Russia's intervention in Bosnia seemed to be driven more by a resurgent ethnic sympathy for the Serbs than by any sense of global responsibility.

"What I always keep in mind," said Representative Jim Leach, Republican of Iowa, "is that there is no expert on the decline and fall of Communism. No one has been through this. We are all learning as we go along, and so are the Russian people."

High Court Agrees To Rule on Law on Child Pornography

The Associated Press

WASHINGTON — The Supreme Court agreed Monday to decide whether a federal law used to prosecute people for dealing in child pornography violates free-speech rights.

Setting the stage for an important ruling, the court said it would consider, among other things, a California man's conviction for distributing sexually explicit videotapes featuring a 15-year-old girl.

A federal appeals court threw out the conviction of a Los Angeles porn-shop owner, Rubin Gottesman, and his one-year prison sentence, ruling that the law used to prosecute him was unconstitutional because it did not require the government to prove he knew the girl was under 18.

In seeking Supreme Court review, administration lawyers said the appeals-court ruling thwarted efforts to crack down on child pornography in nine Western states.

The justices will hear arguments in the case next fall at the earliest. Their decision is not expected until 1995.

Mr. Gottesman, owner of X-Citement Video, was convicted of selling more than 100 Traci Lords



Mourners in La Morelia, Mexico, carrying the remains of three men who disappeared on Jan. 7 during the uprising in Chiapas state. Townspeople said they were taken away by soldiers. The remains were found near the town on Feb. 10. The army denies involvement.

Mexico Charts Radical Electoral Reform

By Tod Robberson

Washington Post Service

MEXICO CITY — The government of President Carlos Salinas de Gortari has decided to embark on a series of radical national political reforms before presidential elections in August, in response to the peasant rebellion in southern Mexico, according to senior government sources.

Although the government said the proposed changes were not the direct result of peace talks under way in Chiapas state with the rebel Zapatista National Liberation Army, officials conceded that the uprising had given a new sense of urgency to the agenda for political reform.

Such changes have been a major rebel demand since the uprising began on Jan. 1 and have long been goals of opposition parties to the left and the right of the governing Institutional Revolutionary Party.

The changes, if carried out as promised, would mark a major shift in Mexican politics as practiced over 65 years of uninterrupted governance by Mr. Salinas's party, creating the possi-

bility that the August elections could jeopardize the party's hold on power.

In the past, the government frequently has promised to end electoral fraud, particularly since Mr. Salinas took office in 1988. But it has not corrected abuses at the polls by its militants.

The sources, with direct access to Mr. Salinas's plans, said he had decided to present a package to a special legislative session, possibly convening as early as this week. It will include, they said, placing international election observers at polling stations, giving all political parties equal time in the media and putting the Federal Electoral Institute under nonpartisan direction. The adoption of the package would be almost automatic in the government-controlled legislature.

Until now, the Electoral Institute, which sets election rules and verifies all voting results, has been directed by members of the governing party apparatus.

Opposition parties have argued that one-party governance over the last six decades has made a mockery of Mexican democratic ideals. Although non-Mexicans have been allowed

to observe previous elections, they have never been officially recognized, nor have their observations on electoral irregularities been taken into account in certifying election results.

"Chiapas was a wake-up call for the government," said John Bailey, a Georgetown University political scientist and Mexico specialist. "It made them realize they don't control things the way they thought they did."

Rebels Deny Peace Is Near

Maya Indian rebels denied they were close to peace with the government and said they would not end their uprising until national democratic reforms were carried out, Reuters reported from San Cristóbal de las Casas, Mexico.

The leader who calls himself Commander Marcos said that peace negotiations with the government envoy, Manuel Camacho Solís, were still at an early stage and that all debate over land, electoral and judicial reforms was at "a standstill."

His comments late Sunday night contradicted an earlier, upbeat report by the mediator in the talks, the Roman Catholic bishop of the San Cristóbal diocese, Samuel Ruiz.

Texas Cult Verdict: The Jury Faulted Both Sides

By Sam Howe Verhovek

New York Times Service

SAN ANTONIO, Texas — John C. Willis lost his only son, Steven, 32, an officer with the Federal Bureau of Investigation, to a shooting on a Texas highway last year.

But after months of painful searching for the truth of what happened on the Texas prairie that day, even he saw something appropriate in the mixed verdict delivered by a federal jury in the trial of 11 Branch Davidians accused of murdering his son.

The jury acquitted all 11 of murder and conspiracy, but it found seven guilty of the lesser but still serious charges of manslaughter or illegal weapons possession. Four cult members were completely acquitted.

"I certainly think that the most guilty, the ring leaders and lieutenants, died in the flames of that compound anyway," said Mr. Willis, who attended the trial in San Antonio. Then, referring to leaders of his son's agency, he added, "People make mistakes. That's been documented."

At the end of the seven-week trial, the jury of eight women and four men sent an all but unmistakable message that there was significant fault on both sides.

And it issued a verdict that, far from setting once and for all what happened that day, will only deepen some of the mysteries of Waco and perhaps ensure that the whole episode will be revisited in yet another courtroom.

Prosecutors have not ruled out bringing other charges against the defendants or other members of the sect.

Branch Davidians or survivors of those who died in the Feb. 28, 1993, shoot-out or the fire that destroyed the compound on April 19 said through their lawyers that they might bring civil charges against the government.

And in Washington, an official said that the Justice Department was still evaluating whether to bring criminal charges against officials at the firearms agency who botched the raid and then, according to a review last fall, lied and covered up evidence while an investigation was under way.

Federal marshals physically blocked reporters Saturday from approaching the jurors, whose names have never been disclosed, and no members of the jury volunteered any comments.

But if their verdict was mixed, it seems to have been so for obvious reasons. Had it fully accepted the prosecution arguments that all the Branch Davidians at the Mount Carmel compound in Waco had conspired to lay a "murderous am-

bush" on the agents, it would have had abundant reason to find all the defendants guilty.

Had it been swayed by the defense lawyers' contention that members of a quiet, law-abiding religious sect had acted purely in self-defense, all the Branch Davidians would have walked out of the courtroom.

Instead, though, even as the verdict was widely seen as more of a victory for the defense, both sides could properly say afterward that they had made a point.

The veteran prosecutor in the case, Ray Jahn, an assistant U.S. attorney, noted that seven of the 11 defendants had been held to account by the jury. And, he said, the verdict had demonstrated something else: "The place to resolve a dispute with a law-enforcement officer is in a courtroom, not at the barrel of a gun."

There were plenty of other questions unanswered by this trial. For one thing, it was always evident that most or all of the people in

trial were not in David Koresh's inner circle.

And so there was no way to interpret the verdict as any kind of victory from the grave for David Koresh, whom prosecutors compared to Hitler and Stalin and whom various defense lawyers referred to as paranoid, delusional or evil.

Had Koresh ever been put on trial for the events of Feb. 28, the verdict concerning him may not have been mixed.

He would presumably have had to contend, for instance, with the testimony of one witness, a former Branch Davidian, Karyn Schroeder. She said at trial that Mr. Koresh had told his followers, "There was going to be a confrontation, a battle. Mr. Koresh, she added, taught that 'if you can't kill for God you can't die for God.'"

Despite, or perhaps even because of testimony from 130 witnesses and the introduction of more than 1,000 pieces of evidence, the trial never conclusively provided an-

swers for a key question: who fired first Feb. 28? Either the Branch Davidians could have eventually surrendered and had federal authorities not just how the dead with tear gas, but how the compound lay fire that started April 19, into outside the courtroom, the

Eyewitnesses were still arguing. Challenged about his continued description of the Branch Davidians' action as a "murderous ambush," Mr. Jahn, the prosecutor, snapped: "It's a free country. I can say what I believe."

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Be Patient With Russia

Boris Yeltsin's abrupt intervention in Bosnia is seen by unrepentant Cold Warriors in Washington as a dangerous reassertion of Russian nationalism. They suspect that his side deal with the Serbian aggressors is not the act of an evenhanded peacemaker but the adventurous gambit of an opportunist eager to resume a big-brother role in Serbia. They argue that the time has come for Bill Clinton to get tough with Moscow and slow his efforts to construct a more cooperative relationship. This is a prescription for trouble that springs from a misreading of Russia's politics.

It is true that President Yeltsin is under pressure from ultranationalists like Vladimir Zhirinovskiy. It is also true that he cannot easily domesticate renegades from the military and the KGB who seek to reassert themselves in Moldova, Georgia and the rest of the former Soviet empire. Mr. Yeltsin's state-of-the-union speech on Thursday, in which he called a "strong" Russia the "real guarantor of stability" in the former Soviet Union, also seemed to signal a new Russian assertiveness.

But his words do not mean that he has retreated into chauvinism. He is seeking to redefine Russia's role in the world — an effort that deserves U.S. support. Punishing him by curbing cooperation would only improve the political prospects of exactly the wrong people.

Nationalism is rapidly filling the vacuum of values in Russia. There are two competing nationalisms — Mr. Zhirinovskiy's vengeful variety and a less primitive brand preached by reformers around Mr. Yeltsin. The reformers know that the empire-builders are out to destroy democracy and reform. They also know that democracy requires a foreign policy that Russia's people can support. They are struggling to formulate a new, more defensible

definition of Russia's interests abroad. As that struggle plays out, Washington may have to learn to live with a more assertive Russia not always in tune with American interests. That is preferable to exacerbating a nastier nationalism that is directly antagonistic to them.

Vengeful nationalism does not now command wide popular support. Many Russians prefer to shed the burden of empire. The trouble lies with the imperial ambitions of the military and the KGB. Perhaps the United States can do little about any of this. But it needs to look for ways to help Russian reformers tame the ultranationalists.

The first step is a cool appraisal of what Mr. Yeltsin is up to. His modest sortie in Bosnia, for example, seems designed to defuse nationalists who would prefer massive intervention on Serbia's side. Mr. Yeltsin is not ally of Serbia's Slobodan Milosevic, who backed the 1991 coup against him. Washington may be wary of his support for Serbia, but it cannot exclude Moscow from the making of a Bosnia settlement. To isolate Russia or treat it like a defeated power would only bolster the nastiest of nationalists.

Moscow's ties to ex-Soviet republics will be slow to dissolve. But blaming Mr. Yeltsin for the acts of renegades in Moldova and the Caucasus may only hamper his efforts to control them. The United States can try, instead, to engage Russia's military on everything from joint peacekeeping to joint planning on proliferation. The object would be to turn Russia's army into a force for peace, not for imperial restoration.

The virus of nationalism will have to run its course in Russia. A mild dose may inoculate it against killer strains.

—THE NEW YORK TIMES.

A Test for Liberians

While world attention remains fixed elsewhere, Liberia's warring factions move closer than ever to converting their uneasy peace into a more just and lasting accord. Next Monday will provide the acid test. That is when Liberians demonstrate whether they have the capacity to bring their destructive four-year civil war to a close. If plans proceed as negotiated, African peacekeeping forces will be deployed throughout the country by Monday. That is also the day when a transitional government is to be seated and the lifting of arms from the combatants is to start. All of this is a necessary prelude to general elections now scheduled for Sept. 7.

Winning Liberian agreement to this calendar of events has taken some doing. With much international prodding, and with U.S. financial support, Liberia's mistrustful leaders are now poised to take the final steps toward healing their poor country's national wounds.

Whether they will stay on track is a major gamble. For the last three years, the Liberian peace process — while simultaneously tearing their country apart. So whether this fragile peace can hold long enough to allow something more durable to take its place will depend on a spirit of magnanimity and a commitment to

peace and democratic change that the parties have never displayed before.

One ominous development already threatens the agreement. Just as the Liberians seem ready to end the fratricide, their Nigerian and Ghanaian neighbors may be losing their willingness to be peacekeepers. Hard pressed politically and financially, both countries have complained about the burden of deploying troops to keep Liberia's guns silent. To share the load, Uganda and Tanzania have each provided one battalion to augment the existing force. The good news is that additional peacekeepers help to internationalize the peace process. They have been added, however, to calm the fears of Nigerian domination held by the native combatants. Charles Taylor — who arguably is the principal reason why Liberia is in ruins today.

Peacekeeping has been largely bankrolled by the United States. But the Clinton administration, following the pattern of the Bush White House, seems shy about taking too visible a role in Liberia. For historical reasons, and by dint of American indulgence of the dreadful Doe regime, few countries have a greater claim on American concern than Liberia. If Liberians are willing to stay the course, America should help.

—THE WASHINGTON POST.

Questions About Clinton

Bill Clinton and his helpers keep saying that they have nothing to hide on Whitewater, so some civil genius must be making them act as if they do. The latest affront is the backchanneling conveyed by Deputy Treasury Secretary Roger Altman to get a "heads up" to three White House officials about the Resolution Trust Corporation's inquiry into a savings and loan association connected to Mr. and Mrs. Clinton. Mr. Altman said he wanted to brief Bernard Nussbaum, the White House counsel, Harold Ickes, the deputy chief of staff, and Margaret Williams, the first lady's chief of staff, on when the statute of limitations would run out on the RTC investigation of Madison Guaranty Savings and Loan.

That is an interesting question and not unrelated to other questions that Republicans on the Senate Banking Committee and other reasonably curious Americans would like to have answered. Here are four:

- Was Madison Guaranty Savings and Loan used to convert Clinton campaign funds to personal funds for the then governor?
- Did a regulator appointed by Governor Clinton go easy on Madison because it was owned by the Clintons' political ally, James McDougal, who was also the Clintons' business partner in Whitewater Development?
- Did the Clintons pay the same amount of money for their half share of Whitewater that Mr. McDougal paid for his? This question is important because it bears on whether Mr. Clinton, while governor, received gifts or claimed undeserved tax deductions in connection with Whitewater.
- Did Mrs. Clinton's law firm behave properly in its dealings with Madison and bank regulators?

Given that such questions are now before a special counsel and the RTC, a meeting between Mr. Altman and top White House aides was improper on its face. It could never have taken place in a White House that had even a rudimentary respect for the commonsense

rules on conflict of interest. The Clinton team has taken the nation back to the sham ethics of the early Reagan administration. That crowd believed that conflicts of interest could not exist since they could not conceive of letting any law or rule of propriety interfere with the political and financial interests of the president or his buddies.

The stated reason for this meeting will not wash. Information on the statute of limitations could be bad for the newspapers or a brief memo from the RTC legal staff. Senator Alfonse D'Amato, Republican of New York, and Representative Jim Leach, Republican of Iowa, therefore have reason to suspect that the goal of the meeting was to control political damage or compromise the RTC's investigation. Who knows what the White House has learned about the RTC findings?

In response to bad publicity, Mr. Altman has recused himself from the RTC inquiry on Whitewater. His RTC deputy should now take over all his duties at the agency until a permanent director is appointed. Senator Donald Riegle, the Michigan Democrat who chairs the Senate Banking Committee, needs to step up his committee's oversight activities. Other Democrats like Senator John Kerry of Nebraska need to cease their myopic defense of Mr. Clinton on a matter about which neither the senator nor the public has been fully informed.

Opposition leaders are right when they say that a Republican White House that so recklessly meddled in the Justice Department, the RTC and other agencies would be shelved with endless congressional investigations. It is time for the Democratic congressional leaders, Thomas Foley and George Mitchell, to try to educate this White House about the normal protocols of governance. Clinton aides behave as if their president has deep depths of public trust. In fact, that account was pretty slim when Mr. Clinton got to Washington, and it is just about tapped out now.

—THE NEW YORK TIMES.

Hostile Settlers Doom the Peace Prospect

By Milton Viorst

WASHINGTON — The massacre of more than 40 Palestinians in Hebron on Friday underlines the need for Israel to undo the impact of the policy, in effect since 1977, of promoting Jewish settlement in the occupied territories.

Prime Minister Menachem Begin initiated the program, reversing the policy of the preceding Labor government, which had limited settlement in order to preserve the option of trading the occupied territories for peace.

As the architect of a "Greater Israel," Mr. Begin calculated that once he had enough Jews implanted in these lands, no government could possibly give them back. The current Israeli-PLO negotiating deadlock illustrates how effective he was.

Whatever his reservations about the settlements, Mr. Begin, when he signed on to the peace agreement last September, was compelled by the political power of the settlers to preserve the status quo.

The Oslo agreement requires Israel to end the rule of the Israeli army in the territories. Yet the settlers are totally dependent on the army. Clearly, Israel's pledge to the settlers is incompatible with the pledges made to the Palestinians as part of an Arab-Israeli peace.

The contradiction is the natural consequence of the rejection by the settlers of the principle of Palestine's partition, which was the basis of the United Nations vote in 1947 that created Israel. Partition prevailed until the 1967 war, when Israel occupied all of Palestine. The Oslo agreement proposes to restore it.

The settlers, however, proclaim that all of Palestine belongs to the Jews and say they will resist any Palestinian authority in the territories. A Knesset member who supports them has even asserted the right to shoot an Arab policeman who stops him for a traffic violation.

The gunman at Hebron, although obviously a

madman, emerges from this body of super-nationalist ideology. Among the settlers he was an extremist, a fanatic — but ideologically he was not an anomaly.

To have a settler community living at peace under Palestinian rule is not in itself unimaginable. But as long as the 130,000 living in the territories remain sworn enemies of Arab rule, they will be an insuperable obstacle to a Palestinian authority attempting to govern there.

The massacre in Hebron was not the first attempt by the settlers to wreck the transition to Palestinian rule by violence. They are the mirror image of the Palestinian extremists who are also committed to destroying the Oslo accord.

Israel and the PLO have both accepted an obligation to suppress violence out of concern for the security of all the residents of the territories. But controlling the settlers may be more difficult than protecting them. It appears to be a burden that the Oslo accord cannot support.

Surrounded by 2 million hostile Arabs, the settlements can survive only with the support of the army. The settlements themselves are safe enough — encircled by barbed wire, guarded by watchtowers, patrolled by sentries. But the settlers must leave their homes to go to work or to school. The army patrols the roads and has covered them with checkpoints. It has built a network of new roads to bypass the Arab population. Yet the roads remain an invitation to Arab extremists.

Increasingly since 1987, when the intifada began, the army has defended the settlers with aggressive tactics largely rooted in intelligence acquired from Arab agents, often "recruited" by

torture or extortion. Harsh collective punishment — round-the-clock curfews, undercover killings, home demolition, imprisonment — has become routine. Army raids on Arab towns and refugee camps have kept Arab society in disarray.

A few weeks ago, General Ehud Barak, Israel's chief of staff, admitted that the army would find it hard to safeguard the settlers if it had to adopt gentler tactics. As for safeguarding the Arabs, it has never had serious tactics at all.

What the Palestinians want more than anything else from the Oslo agreement is to get the army out of their lives. They want the restoration of tranquility, of "normality," in the territories. The presence of hostile settlers makes this goal unattainable. It dooms the prospect of real peace.

The settlers, if they had their choice, would expel the Palestinians from the territories completely. Failing that, they would preserve army rule forever. The violent nature of their movement contains a threat of civil war, intimidating Israelis. It gives them political power far in excess of their numbers.

In recent months, Israelis have begun to acknowledge that they cannot have both the settlements and peace. The tragedy at Hebron emphasizes the point. In the Israeli press and the Knesset, there is growing talk of incentives to entice the settlers home. But Mr. Barak and his government have been unwilling to take the settlers on, leaving the problem unresolved.

Most Israelis now agree that the late Menachem Begin's vision of a "Greater Israel" was a terrible mistake. But until the settlements are dismantled, peace remains its hostage.

The writer is author of "Sandcastles: The Arabs in Search of the Modern World." He contributed this column to The Washington Post.

Make a Peace That Doesn't Strand Israeli Settlers

By William Safire

WASHINGTON — The fanaticism of a doctor from Brooklyn who murdered scores of Muslims at prayer in the West Bank, while Hamas, Hezbollah and Fatah bawled out Jews driven out of the West Bank and ultimately into the sea.

The goal of peacekeepers should be to secure a compromise allowing West Bank Arabs and Jews to live together, or at least not to one another, with self-rule for each.

Until recently, the compromise in the minds of many moderate Israelis, both Labor and Likud, was one that ultimately divided the disputed territory: the great majority of land to Palestinians, but with strategic points now populated by 130,000 Israeli settlers to help defend the territorially vulnerable and often invaded Israel.

That has changed. The Rabin-Perez government seems to be planning to turn the entire West Bank over to Palestinian rule. That would strand Israeli settlers, who believe that they live on land of Israel and who were encouraged to settle there over decades by a democratically elected government.

These settlers are now being de-

monized as zealots, obstacles to peace, for daring to object to being cut off, with the land under their homes ceded to a foreign power. This demonization was given a boost by the Hebron fanatic's bloody invitation to more war. All the emboldened pioneers, often attacked and necessarily armed to protect themselves, are today unfairly lumped together with the extremist faction that wants to drive out the Arab residents.

The government, which failed to foresee the extent of the fear that would pass through the isolated outposts at the prospect of sellout, is properly moving to assuage the anguish of Palestinians by disarming and restricting the extremist factions associated with the killer.

The conciliatory visit to Hebron by President Ezer Weizman expressed his nation's sorrow and shame.

The U.S. government moved correctly to avert victory for the war-mongers by inviting Palestinians and Israelis to Washington for rejuvenation of the talks. This was a concession to the PLO, which wants the talks in Washington; Israel acceded

immediately, leaving it to the PLO to decide when it can come.

PLO peacekeepers cannot help but exploit the tragedy in negotiations, to do otherwise would invite attack from Arab war-makers. That is why it is usually called for "international protection" of Palestinians — an Israeli surrender to the United Nations that Chairman Yasser Arafat knows is unrealistic.

More to the point is his call for adding "the settlements issue" to the current agenda. That topic was deliberately postponed in the Oslo negotiations; it is diplomatically kicking the Israeli settlers out of their homes and making the West Bank Jew-free. Is that an overstatement? Only Sunday, a respected Palestinian leader made clear that the negotiation would soon boil down to "settlements or peace."

The peacekeepers' answer to the war-mongers — including the fanatic bigot who shamed his people and betrayed his religion — should be to reject expulsions and embrace territorial compromise. The horror of Hebron must not lead to the ethnic cleansing of the West Bank.

The New York Times.

Money and Politics Mix, in Malaysia as Elsewhere

By Philip Bowling

HONG KONG — Hypocrisy, naïveté and grandstanding have been ricocheting between London and Kuala Lumpur, culminating in Friday's announcement by the Malaysian government that it would boycott British goods in retaliation for British media allegations of payoffs involving Malaysian politicians.

At one level, the dispute is extremely petty — of the sort once associated with relations between former colonial powers and smaller African states in the early flush of independence. It follows a similar series of episodes has shown the perils of trying to mix business with judicial and foreign affairs.

The latest rift was sparked by a dispute in Britain over the link between aid financing for Malaysia's Pergau hydroelectric project and Malaysian purchases of British arms worth some \$1.5 billion. In Britain, outrage is expressed that an aid deal

be linked to an arms sale. In Malaysia there is little such alarm, even among the opposition; the main issue is whether Pergau was a good project.

"Aid" may be a curious word for Britain to apply to Malaysia, which owns a car manufacturer when Britain does not. The very fact that Britain should offer and Malaysia accept "aid" should suggest something different from, say, British donation of vaccine to Rwanda.

Equally curious is the apparent assumption by British media and parliamentarians that "aid" is not and never should be connected to commercial advantage. In a truly moral world, that would be right, but few would accuse the Murdoch or British tabloid press of being driven by moral imperatives. The fact is that aid has always been used by most donors for purely commercial and as well as purely humanitarian purposes.

What has stung Mr. Mahathir into retaliation is not the debate over Pergau but the suggestion that politicians and indeed the ruling party, have been in receipt of large donations from British contractors — and not just in relation to Pergau. This followed recent allegations in the Australian media that Canberra's secret intelligence service has been bribing Malaysian politicians.

Mr. Mahathir, seldom averse to a fight, seems to have decided that attack is the best defense. British media have been accused of patronizing and colonialist attitudes, while British firms anxious to do business in Malaysia have been forced to their knees in a series of all things Malaysian.

How well all this plays at home for Mr. Mahathir has yet to be determined — but it is likely to bring further British media attention to British-Malaysian issues.

The reality behind all this is that money plays an important role in Malaysian politics, as it does elsewhere. Political connections are often involved in government contract awards and the benefits of privatizations. Malaysians might prefer that things were otherwise, but it is a reality that is unlikely to be seriously challenged while the country prospers.

Mr. Mahathir himself has been among those who decry publicly the spread of "money politics." Stopping it is another matter, given Malaysia's combination of fast economic growth and a need to develop the Malay majority as a capital-owning class.

The British government has fallen over itself in an effort to be accommodating. In the early 1980s, Mr. Mahathir launched a "Buy British Last" campaign ostensibly in protest at British increases in foreign student fees. To help get back into Malaysian favor, the British Foreign Office was instrumental in a series of (largely successful) efforts in Hong Kong to cover up the involvement of some Malaysian politicians in the Carrian affair, to the point of suppressing important evidence — the victim's

own letters — relating to the murder of a Bank Bumiputra auditor sent from Kuala Lumpur to investigate the goings-on in Hong Kong.

The British press, so quick to throw allegations against Malaysians, easily allowed itself to be gagged in failing to investigate the Carrian cover-ups. So although Britain may now cry "unfair," and its media claims may appear in Malaysia as elsewhere, to have a ring of truth, the British cannot claim any moral high ground.

Meanwhile, the long and costly courtship of the Malaysians by Margaret Thatcher and the Foreign Office has flopped. Although Mr. Mahathir says that his quarrel is with the media and not the government, official relations are halfway back to where they were a decade ago.

So the episode is damaging to Britain. Whether Kuala Lumpur's actions do Malaysia any good is questionable. Its neighbors, Indonesia, Thailand and Singapore, are averse to high-profile rows with friendly countries. They said as much at the time of the spat with Mr. Keating. Some Indonesian ministers openly refer to Mr. Mahathir's behavior as that of a "mini-Sukarno."

Neighbors also worry that politically inspired trade boycotts are just the kind of anti-GATT behavior that Western countries like to seize upon to justify new trade restrictions. Only a week ago, Leon Brittan, the European commissioner for trade, warned China that trade threats against Britain over Hong Kong could frustrate its GATT application. A conciliatory British government is unlikely to use such phrases in the Malaysian context, and few in Malaysia seem to want escalation of the affair, but there are loose cannons on both sides.

International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Rowdy Parisians

PARIS — Paris students are keeping up their reputation for turbulence. After hissing M. Caro and M. Larroumet, they have now hissed M. Brunetiere. What does this mean? Some say it means there are too many ladies at M. Brunetiere's lectures. Such a reason says little for the traditions of French gallantry. Whatever may be the reason, the Sorbonne is once more in an uproar. Fifteen years ago things were totally different. There was a good deal less noise, and a good deal more work done.

1919: About the League

WASHINGTON — Since the United States declared war against Germany, no official event has aroused such interest as that called forth by the dinner at the White House on Wednesday night (Feb. 26) to the members of the Senate Foreign Relations Committee and the House Foreign Affairs Committee to discuss the

A Function For Russia In Bosnia

By Anthony Lewis

LONDON — "The road to any solution in Bosnia now runs through Moscow." A senior diplomat in London thus summed up the dramatically changed landscape faced by Western governments trying to design an end to the Bosnian conflict.

When Russia intervened two weeks ago, offering a hand to the Serbs, it became an essential player in the diplomatic game, with Boris Yeltsin personally involved. That sharply limits what the United States and the Europeans can do on their own. But it also offers an urgent opportunity for Russian-American action.

An example of the new restraints on the West is the outlook for further NATO air strikes. Like the one that helped move Serbian guns back from Sarajevo, their purpose might be to end the Serbian shelling of other Bosnian government enclaves, to reopen the Tuzla airport or to stop military traffic from Serbia and Croatia.

But now that Russia is involved, can such NATO air action be a serious possibility? NATO members are highly unlikely to want to risk an even more dangerous conflict. And threats that will not be carried out are worse than useless.

The irony is that, in the events of the last two weeks, the Serbs have ended up winners. The Bosnian government hoped that it was finally getting a protective arm from NATO, but the symbolic protection that Russia has extended to the Serbs is more meaningful.

The changed situation most significantly affects the sine qua non of any overall peace settlement achieved by territorial division of Bosnia: getting the Serbs to withdraw from enough of the territory they have seized — 70 percent of the country — to make possible a viable if rump Bosnia.

The United States is now trying to broker a cease-fire between the Muslim-dominated Bosnian forces and the Croats — and a political plan for a Bosnian-Croatian confederation.

Those would be important steps if they actually worked, although one has to be skeptical that they can after such brutality as the Croatian savaging of Muslim civilians in Mostar.

But if the Bosnian-Croatian plan does succeed, there will still be the terrible problem of the Bosnian government enclaves in the east and west. No Bosnian state would be viable, or its borders peaceful, if some of its territory consisted of islands surrounded by hostile Serbian forces.

Diplomats have hoped that Bosnian Serb leaders would give up enough land to link the government territories. But how can the Serbs be persuaded to do that if Russia is effectively protecting them from Western pressure? The answer can now probably lie only in agreement between the Yeltsin government and the West.

And "the West" really means the United States, because Bosnia has shown again how dependent the Europeans are on U.S. leadership.

It is a strange situation. Here is a Russian state in desperate economic and political trouble, its president unable to prevent a grant of amnesty to men who tried to overthrow him. Yet that Russia is in a position to help shape, or block, any resolution of the Bosnian conflict.

If there is to be a peace that has a chance of holding, Washington and Moscow have to agree broadly on the terms. Then the United States would have to sell them to the Bosnian government, Russia to the Serbs.

Such a joint demarche is the new opportunity, and it is a serious one. In the past, Russian diplomats have been cooperative and well informed on the Bosnian situation. President Yeltsin's call for a Moscow conference on Bosnia, which has drawn a lukewarm Western response, might in fact have possibilities. The risk is that domestic political pressure on Mr. Yeltsin — from the rise of Slav nationalism — may now make him lean too far toward the Serbs. But President Bill Clinton would have some leverage to produce a modestly decent result for the Bosnian victims.

Sanctions on Serbia are a powerful lever. After the CIA mole affair and congressional anger at Russia, Mr. Yeltsin has reasons to want to look cooperative. But there will be no chance of success unless Mr. Clinton has a firm policy, knows his objectives and is committed to them. More of the wavering that marked his past positions on Bosnia — the confusion between aggressors and victims, the empty postures — would be fatal.

The American president faces a classic, difficult challenge in foreign policy. With attention and commitment, he can meet it.

The New York Times.

1944: Victory in Burma

NEW DELHI — [From our New York edition:] The Allies have scored their first major victory in Burma by destroying a special force of 8,000 Japanese in two weeks of confused fighting in the dusty, choking jungle of the Arakan sector, north of Akyab, the Southeast Asia Allied Command announced tonight (Feb. 27). It said the Japanese were "gradually" facing a classic, difficult challenge in foreign policy. With attention and commitment, he can meet it.

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مكتبة الأصيل

OPINION

Russia Fails, Again, to Escape the Totalitarian Trap

By Yuri N. Afanasyev

MOSCOW — The political rearrangement in Russia that began with the government reshuffling of mid-1992 has come to an end. The departure of the cabinet's leading economic and political reformers last month erased all doubts.

Until then, despite reactionary successes in the December parliamentary elections, it was possible to believe that the necessary reforms would continue, even if only in half-measures. But now it is clear that there will be no reforms, not even bad ones.

Under the guise of social welfare policies, a planned economy will be re-established. Its executors will be Prime Minister Viktor Chernomyrdin and his allies.

President Boris Yeltsin has become merely decorative. If reform is to come, the work will be done by others.

Andrei Kozhev, holding on as foreign minister, will further learn how to talk tough foreign policy to out-Zhironovsky the fascist parliamentarian Vladimir Zhirinovskiy.

The West will continue to insist that Mr. Yeltsin represents democracy. Russia, instead of moving along the axis of time, will continue spinning in the Western-Slavic circle codified in Russian thought by Pyotr Chadaev in the early 19th century. This tension promises further conflicts like the failed coup of August 1991 and the forced shutdown of parliament last October.

The Zhironovskiy victory resulted from the failure of reforms, but it indicated something broader about Russian society. It suggested cultural forces that lie beyond the endurance of the regime.

Mr. Zhironovskiy's success cannot yet be seen as the onslaught of a brown-shirt plague, although such a danger exists. In the short term, he is the latest offshoot of the failures of reform in Russian history.

The reform movement is now nothing but rhetoric. We are left with a growing gap between the authorities and society, a loss of social welfare, a predatory enrichment of the nomenclature through the conversion of power and concessions before bailing out Mr. Yeltsin by storming parliament.

The day after the insurrection ended, Mr. Yeltsin convened a Security Council meeting that had only one item on the agenda: a new military doctrine that expanded Russia's security interests throughout the territory of the former Soviet Union and rescinded the "no first use" nuclear weapons pledge.

This move was initiated even before the first round of talks and before the dead were buried.

Recent actions by the government confirm that the military, which had lost some power under Mikhail Gorbachev, now has even greater influence. There are no more vows to reduce the armed forces by two-thirds. Mr. Yeltsin is photographed with a machine gun in hand and assures Russians that there will be no more concessions to the West.

Military pressure has forced Mr. Yeltsin to reverse himself on acquiring to Central and Eastern European countries seeking NATO membership. The new military doctrine of asserting interests in the "near abroad" is fueling more blatant attempts to subordinate former Soviet republics. The idea is to re-establish the countries of the former socialist camp as buffers between Russia and the "far abroad."

The policy is jeopardizing millions of people in Eastern Europe and Central Asia, who thought they were free of Moscow's control.

Under the guise of protecting Russian-speaking peoples, Russia is supporting "national liberation" movements in countries that seek independence. Sometimes the direct participation of Russian troops is camouflaged and presented to the world as a peacekeeping mission in an interethnic conflict.

Russia has shown an unwillingness to remove its remaining troops from Moldova; in Georgia, it supported the Abkhazian separatists, then salvaged President Eduard Shevardnadze's central government only after he paid the price of joining the Commonwealth of Independent States.

In Central Asia, Russia continues to wage an undeclared war with unstated aims. It is siding with a reactionary regime in Tajikistan that is ruthlessly crushing free thought and democracy.

Russia wants to hide behind the flags of several countries, just as the Soviet Union did during the

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They're All After Zakarias's Soul

By Paul Spencer Sochaczewski

MINYAMBOU, Indonesia — When the Baptist missionaries in this isolated valley in Irian Jaya on the western half of the island of New Guinea asked for contributions to build a new church, Zakarias chimed in with the most valuable thing he could find — a bird-of-paradise skin.

To the early Portuguese and Dutch explorers, the bird represented a form of holy salvation. The skins they were offered had neither legs nor wings, so the

Europeans theorized that the creatures must have spent their lives in the heavens.

The irony of buying his way into heaven with a bird of paradise did not occur to Zakarias. But he does recognize that there are many authorities after his soul.

Zakarias showed me chunky gray caterpillars that nature conservationists encourage him to raise. These will become gaudy, yellow-and-black swallow-tailed butterflies. When sold to collectors, they will earn him a few dollars each.

To the conservationists, the butterfly venture is a small part of a much broader attempt to preserve the island's remaining stands of tropical rain forest. They figure that when local people get some tangible benefit they will cooperate in conservation. The quid pro quo in this case is that Zakarias agrees to help manage and safeguard the nearby Arak Mountains nature reserve.

It is a kind of religion, Zakarias has agreed to change his behavior in expectation of future reward. "Do not cut land for farms in the nature reserve," the conservationists command. "Respect the national park boundaries and enter not therein except to hunt deer with a bow and arrow. And don't even think of killing that bird of paradise."

Zakarias, like most of us, is mortal. In presenting

one of the birds to the church, perhaps he was seeking to play one religion off against another.

There are a number of powerful forces at work trying to win his allegiance and mold his behavior. The Indonesian government, which is controlled from Jakarta on the central island of Java, wants to make Zakarias a loyal citizen. Protestant preachers want to Christianize him, and in so doing add his tenor voice to the Sunday choir.

Industrialists whose companies manufacture everything from hair shampoo to jogging shoes want to consume Zakarias, by making him feel the need for things the Irianese have not needed before. Conservationists want to "empower" Zakarias, to give him a voice in saving nature — so long as it coincides with the way the experts think nature works best.

The four "religions" of church, nationalism, business and conservation have achieved significant results in Irian Jaya. For example, some Christian missionaries, notably the Catholics, have helped to stop cannibalism and infanticide, have established schools and clinics, and have promoted water-supply and gardening projects.

But the conversions are not necessarily deep. While many Irianese profess to be Christian in one form or another, it is not uncommon for them to believe that sitting in church will result in immunity from sickness and that forgetting to shut one's eyes during prayers will lead to blindness.

Clearly the soul is a complicated organ. The day I was leaving Minyambou, I sought out Zakarias to say goodbye. He admired my watch. Seeing that I wasn't about to give it to him, he offered me a trade: my Casio for a bird-of-paradise skin.

I said a prayer for all of us.

The writer is head of creative development at WWF-World Wide Fund for Nature in Switzerland and a professional associate at the East-West Center in Honolulu, Hawaii. He contributed this comment to the International Herald Tribune.

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Bad Taste Raised to Art Form

By Suzy Menkes
International Herald Tribune

MILAN — Well, guess who is Italy's new fashion muse? Tonya Harding? And even she might not turn up on ice in a fake leopard crotch-high skating skirt, fluffy sweater with snowflake sequins, knee-high nylons and gilded stiletto heels.

Those were some of the classier looks sent out by Gianni Versace for his junior lines. The riot of clashing plaids and fake fur, metallic silver miniskirts and takes on

MILAN FASHION

Jackie Kennedy empire shift dresses gave the world's most glamorous supermodels the allure of Las Vegas Kemo girls.

"It's not me, it's Donatella, she brings such an injection of young blood," said Versace, crediting the show to his sister, who came out with him on the shiny white and gilded runway of the show tent erected at the rear of his palazzo.

Elevating bad taste to an art form is something new for minimalist Milan. But it is a comment on the opening shows of the autumn/winter season that Versace's Versus and Istante collections, for all their tackiness and vulgarity, were the hottest things in town.

As the international collections get under way, there is a sense that Italian fashion is losing ground to Paris — literally, in the case of Rafat Ozbek, who moved his show at the 11th hour to the French capital. In spite of the Versus razzmatazz, the essence of Italian high fashion is more than ever upscale luxury, impeccable tailoring and inventive fabrics. The clothes carry customer clout, which is why store presidents and buyers flood into Milan. Yet the creative edge of Italian fashion seems blunted.

Take Dolce & Gabbana. Abandoning gimmicks and tricks, on Sunday the designer duo sent out a good clean show, rooted in manish tailoring softened with fluffy mohair, boucle or velvet. Their runway star was no longer Madonna, but Isabella Rossellini in early middle age. Offer any fashion-conscious woman the simple pantsuits, neat A-line skirts or long slim dresses in cocktails of fabric and she would pounce on the entire collection. The buyers were salivating at the sight of a show that reflected what today's customer wants and bridged the credibility gap between the runway and the real world.

All the fashion elements were there, shown with a modern attitude. A slim herringbone tweed coat was worn with a jaunty hat and a brief skirt in fake fur or tweed wrapped over pants below a cropped sweater. Silver finger rings and pointed-toe, high-heeled shoes made for sleek, modern styling. Faced with such a show, it seems churlish to complain that where Stefano Gabbana and Domenico Dolce once made fashion happen, now they just make fine clothes.

It was the same story on Monday at Byblos, where nice clothes just kept on coming. Take a swoop of maxi coat, along it a cropped sweater, a tiny A-line skirt, pale tights and knee high boots. Make it in silver (Milan's new discovery,



Designs by Versace, top, Gucci, left, Dolce & Gabbana.

but already last year's trend). Then make it in cream. And navy. And pearl gray. And in mixes of different soft fabrics. The same treatment was given to short coats, long cardigan jackets and the masculine/feminine pantsuits with cropped vest over loose blouse. Change the colors, or the fabric, but don't take any risks, except with the space-age silver sportswear and a flirty skirt with tiered pleats. As an exercise in softening up trim Italian tailoring, it was fine. But the show — right

But what is in it for Gucci to distort its image so that a perfectly proportioned cloud-gray cashmere sweater is worn by a model dressed to look like Lolita on speed? Occasionally, a good sporty piece was left well alone: a deep-plee alpaca coat with a beaver collar or a simple tattersall pantsuit, with cuffed trousers, clearing the ankle, as the new classic. Ultra-long jackets with minuscule skirts underneath, leather-trimmed with sports logos and backpacks with Gucci's signature bar-and-bit or bamboo handle seemed like a rerun of Chanel's takes on streetwise urban style.

Because the Milan season kicks off with designers' secondary lines, the early shows seem like a warm-up for the real action later in the week. Gianfranco Ferré stopped by his Studio 0001 line, for the industrial giant Marzotto, to check out his sophisticated collection of tailored pantsuits in winduppane checks for day and coral and sunset colors for night.

Valentino — who long since moved his show to Paris — showed his Oliver line in Milan. A sure hand produced tactile velvet jackets and tweed frock coats as well as deep-plee cabled cardigans and an elegant, tailored, long camel coat. Below the waist, the silhouette seemed hazy, with a filmy chiffon skirt or floating pants in ombre colors fading the skirt problem.

The schoolgirl look — pleated miniskirts, gray flannel jackets and mixes of plaids — was done with conviction by Anna Sui, the American designer who is consistent to Isobello's Cento per Cento line. For Katharine Hammett, it was the Tonya Harding look again: micro miniskirts in shiny plastic, black lace panties peeking under gray flannel shorts and teeny-tiny kilts — all shown with knee-high nylon socks and teetering stilettos. Hammett had the fluffy sweaters that are a strong trend.

Knits can bring a new softness to regular collections.

MISSONI sent out the current trends, from a paneled, flirty short skirt to the minishirt dress, in its signature patterned knits, shown with matching hose. The best of the rainbow coalition was when a long coat in this season's rich jewel patterns were married with something simple. Patterned velvets, although not new, made a nice evening statement.

The strength of Italy is also about the material world. Eero's inimitable plays on texture and print this season included neoclassical prints on silk or wool gauze, paisley patterns for soft cape coats, and changing-of-the-guard prints to go with a military theme. At Mario Valentino, skin games brought soft shearing coats with unstructured collars, Moroccan scroll embroidery or original cutouts on leather as decoration, and the ultimate in understated chic: suede with a hairy surface made to look like tweed.

The most succinct fashion statement came from Antonio Fuoco. His luxurious fabrics were made into simple pantsuits or coats as soft as a bathrobe, with nothing flashy, fancy or tricky. While most shows run half an hour late and are 45 minutes long, this was summed up in 30 pieces and shown in 15 minutes, causing Joan Kaner of Neiman-Marcus to exclaim: "They should all be as fast as that!"



New Renaissance's dollar-bill and newspaper ball gown, left, and Helen Storey's hipster plaid pants and tailcoat.



Whimsy Meets Arts and Crafts

International Herald Tribune

LONDON — Naomi Campbell sauntered down the runway — the body of her ball gown made from 3100 bills molded in plastic, the petal skirt from overlapping sheets of a financial newspaper.

It was a fashion take on power, money and glamour by a wacky British group called The New Renaissance. And this work of art, lovingly handcrafted into fashion ephemera, seemed to sum up the London shows, which opened the international collections for the autumn/winter season.

LONDON FASHION

London's young designers, almost entirely art college graduates, are staging an arts and crafts movement not so different from that of a century ago. Just as William Morris and his pals rejected the industrial revolution, so the young of the 1990s are turning their back on mainstream ready-to-wear fashion.

There was Abe Hamilton, with appliqued silk flowers sewn by hand on long dresses in gauzy fabrics and dusty fin-de-siècle mauve and dove-gray colors. At Liberty, the London store, just-out-of-college kids showed creations sprouting bleached mohair and gargoyles of rubber.

Then there were the feathers: caked in clay by Alexander McQueen, one of the hot new hopefuls; naughty feathers peeking from parties at New Renaissance; flirty marabou cuffs from Bella Freud; and a feathered neck piece in the feminist-turned-feminine clothes by Helen Storey.

"I think there is a shift away from the street style that British designers are known for," said Hamilton, 32, who trained as a painter. "It is all about beautiful clothes in lovely fabrics — fashion to feel sexy, sensual and very feminine."

The fashion message from the London shows was for pants and skirts slung low on the hips,

the better to flash the flesh below a high-cropped sweater. (Navel will be on show next winter.)

There was also a move toward the empire line, with Betty Jackson's thin belts banding jackets high above the waist and John Rocha's weird silhouette of high-waisted flared dress in bulky tweed. Rocha's mini boleros, cropped above the bust, were a more successful way of changing proportions.

London's forceful knitwear brought clothes-for-real to the runway. The news was fluffy mohair knits and rugged oatmeal wool. The cream of the cropped sweaters came from Rocha and from Paul Costelloe, whose collection of flecked knits mixed with Irish tweeds brought grown-up clothes to the runway. Jackson also produced knits with a sportswear feel, but mixed them in a funky way with low-slung jeans or crinoline miniskirts.

Many London designers are still in the melancholic romantic mood that has suffused the international underground and produces long, dark dreamy clothes. Sonja Nuttall's show, with the title "Chiaroscuro," was lyrical in that minor key, with long, dark sweaters shrouding the body and mixes of textures in black fabrics.

Storey gave a new romance with a hard edge to her collection, with its flower-patterned pantsuits, overlaid with transparent plastic, and plaids with a sexy kick.

London's tailors with a young spirit include Freud, with fresh pink and blue colors, suits with flared skirts and knitted outfits. Edina Ronay sent out a cheery, upbeat collection touching on current trends, from fluffy sweaters to A-line skirts and space-age silver.

McQueen's claim to fame is that he trained at a Savile Row tailor where he made jackets for Prince Charles. His show had the wacky spirit expected from young London — sweaters with a two-tone highway of mesh revealing the bosoms and the new hipster pants slung so low that they revealed what can best be described as posterior cleavage.

Harvey Nichols did its best to help British

fashion's green shoots. The store staged two runway shows, which included long-line button-decorated tailoring from Sonnetag Mulligan (designer duos are a big London thing) and Copperheart Blundell's dresses in mixes of fabric, like a knit or velvet top with a woolen skirt.

An interesting group of designers showing in London at the St. Christopher's Place shopping precinct featured Emma Hope's dainty shoes and Whitaker Malem's seductive leather corsets. Many of the young designers will go on to show in Paris, while other established British designers did not take part in London's three-day event. Jean Muir will wait to show in mid-March. Helen O'Hagan, viewing London shows for Saks Fifth Avenue, praised Belville Sassoon and other evening-wear designers who did not show on the runway.

Tomasz Starzewski, with short, perky suits and sleek cocktail outfits in crushed velvet, was the only representative of the Princess Diana designer brigade that was once the mainstay of London style.

The British Fashion Council, under its new chairman, Clinton Silver, made a valiant effort to get the London Fashion Week together, but the leaders of the pack have upped and gone. Katharine Hammett shows in Milan; Rafi Ozbek, Vivienne Westwood, and John Galiano, with a capsule collection, will be in Paris.

London's fashion savior was Vidal Sassoon, a crimper who rose to fame along with London fashion in the swinging '60s. He went abroad to build his global empire, but seemed genuinely delighted to put something back into his native city.

"I love the freshness and the energy," said Sassoon, who viewed the shows with his wife, Rhoda. "The fashion schools are very good and turn out excellent young people, but there is no government sponsorship. It made enormous sense for us to help."

Suzy Menkes

BOOKS

SANDCASTLES:
The Arabs in Search of the
Modern World
By Milton Viorst. 414 Pages.
\$25. Knopf.

Reviewed by
Hisham Sharabi
In his important new book, Milton Viorst, the author of "Sands of Sorrow," a sensitive and deeply moving historical account of the

Palestinian-Israeli conflict, aims at a larger goal: a portrait of the contemporary Arab world as experienced in several visits he made over the past few years. His intention is not a scholarly or a systematic work, but rather a weaving together of impressions and insights of a society that he has come to know well and toward which he clearly harbors much sympathy and goodwill.

"Sandcastles" is composed of several well-knit pieces originally written for The New Yorker over the last decade and a half. It is divided into nine chapters, eight of which are devoted to seven Arab countries — Iraq, Egypt, Syria, Lebanon, Kuwait, Jordan, including Palestine (only Iraq is given an additional

chapter at the end). Two important regions of the Arab world, the Arabian peninsula and the Arab Maghreb (North Africa), are not included, while Turkey, a non-Arab Middle Eastern country, is. The period covered is that of the 1980s into the 1990s, with brief forays into the recent past to explain various events and developments.

Viorst covers effectively and at length political figures, intellectuals, women, religious leaders and ordinary people. In a postscript, which brings the narrative up to the aftermath of the signing of the Israeli-PLO agreement at the White House last September, he provides honest fresh interviews reflecting Palestinian and Arab reactions to the breakthrough achieved by secret negotiations between the Israelis and the Palestinians.

The image implicit in the title, "Sandcastles," underscores the social and political fragility of the contemporary Arab world. It is a weak and divided world composed of essentially unstable nation-states, ruled by "tyrants and secret police and corrupt bureaucracies," and states that "have repeatedly failed in diplomacy and war."

Viorst defines Arab culture as "preindustrial" and "defensive," always "falling back on old ways in response to new challenges." It is a confused and feckless culture, hopelessly torn between its two opposing forces of "secular despotism" and "religious fanaticism."

Viorst has a point in a peculiar sociopolitical malaise, true not only of Arab and Muslim countries, but of most neopatriarchal

WHAT THEY'RE READING

• Kirk Peterson, director of the Hartford Ballet, is reading "Stranger in a Strange Land," by Robert A. Heinlein.

"It's a book about perception and it's very peculiar: a Martian who comes to Earth and wonders whether the grass is affected when he steps on it. I read it to remove myself from the realities of what I'm doing." (Lawrence Malkin, IHT)



societies in the Third World — transitional societies, no longer genuinely traditional nor yet truly modern, caught up in the debilitating and often paralyzing contradictions of inherited tradition and overpowering modernity. In the Arab countries, frustrations of independence (arbitrariness of power, official corruption, rampant immiseration) and humiliation at the hands of the West (the United States) and Israel (the dispossession of the Palestinians, the pillage of oil resources, the invasion and destruction of Iraq) have contributed over the last few decades to the deep polarization Viorst refers to between secularism and Islam.

But two points need to be understood here. The first is that the phenomenon of Islamic fundamentalism is not, despite all appearances, an all-inclusive, monolithic movement impelled by mindless hatred of the West and committed to total violence, but a highly diverse movement composed of disparate groups with different attitudes and goals, ranging from liberal, nonviolent reform to the establishment of the Islamic state by force. Similarly, the secularist movement is not to be confused with "despotic" secular regimes, but must more accurately be seen as the rising democratic movement, composed of human-rights and democratic-freedom activists,

feminists, environmentalists, former members of Arab nationalists and other doctrinal political parties, opposed both to authoritarian governments, as well as to fundamentalist totalitarianism.

Compared to Islamic fundamentalism, the secular, democratic opposition movement in the Arab world has received little attention in the Western press; when considered, its potential to forestall a fundamentalist takeover and to liberalize political life is consistently underrated. But the realization is beginning to dawn that this movement may be the last hope of arriving at some kind of accommodation with Islamic fundamentalism in the Arab world, not through suppression and violence, but through dialogue with nonviolent groups within the Islamic movement.

Viorst is not unaware of most of these considerations, but his lively approach does not lend itself to incorporating them in the dry analytical style of the cultural historian. That very approach of his, however, adds to, rather than detracts from, the tone of this fine, compassionate and compelling book.

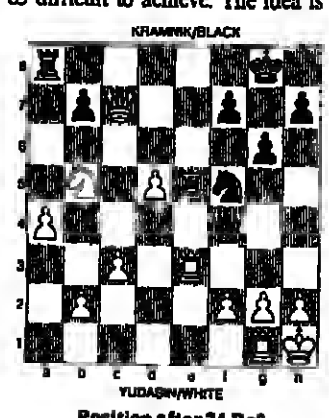
Hisham Sharabi, a professor of history at Georgetown University and chairman of the Center for Policy Analysis on Palestine in Washington, wrote this for The Washington Post.

CHESS

By Robert Byrne

VLADIMIR KRAMNIK faced Leonid Yudasin in the International Chess Federation's elimination matches. In Game 1 of their match, the thrust 5...e5 defines a Sicilian Defense variation that has lately been named after the contemporary Russian grandmaster Yevgeni Sveshnikov for his study and adoption of it, although it was played as early as the mid-19th century. In the main line, 6.Ndb5 d6 7.Bg5 a6 8.Na3 b5 9.Bf6 g7 10.Nd5. Black yields control of the d5 square for the sake of obtaining the bishop-pair plus later counterattack in the center with ...f5. Since Black has been successful with this, Yudasin chose the calmer offshoot with 7.Nd5 Nd5 8.e4, which gives up the plan of occupying d5 with a piece.

The strategy is then transposed: White will try to capitalize on his queenside pawn majority and Black will aim for an attack on the opposite flank. Kramnik chose the more aggressive 8...Ne7 and 9...Nf5 in preference to 8...Nd8 and 9...Nb7, which passively looks toward making the thematic c4 and c5 difficult to achieve. The idea is



opened piece pressure against the d6 pawn with 13.Qb3 and 14.Qb4. Rather than play 14...a6 15.Na3, which sets up the chance for 16.Nc4 and 17.Nb6 for White, or resort to the defensive 14...Bf8, Kramnik went on with 14...e4! just waiting to get his hands on 15.g4! by 15...Be5! 16.g4 Qb4 16.f4 of 17.Rf3 Qh2 18.Kf1 Bf5 19.Be3 (or 19.Rf5 Bg3) Bg3! 20.Rg3 Qg3 21.Bf2 Qh3 22.Kel Re2! 23.Kc2 Qd3 24.Kel Re8 25.Be3 Qe3 followed by mate.

After 15.Bf4 Be5 16.Be5 Re5 17.Rd1, Kramnik fueled his attack with 17...Nh4! ready to deal with 18.Qd6 by 18...Qe5 19.g3 Bh3 20.Rf1 Ng2 21.Rf1 Ne3! 22.f6 Qe3 23.Rf2 Rf5. Also, 18.Nd6 a5! 19.Qc5 Qe5 20.g3 Bg4! 21.g4 sets up Bf3 22.g4 mate.

Yudasin tried to secure his king with 18.Kh1 Qg5 19.Rg1 Bg4 20.Bg4 Qg4 21.Rd1 Qh4 before taking the loose pawn with 22.Qd6, but Kramnik struck with 22...Nf5 23.Qc7 e3! and after 24.Re3, he let fly with the killing 24...Qe3!

Yudasin could not accept the queen sacrifice with 25.f6 because of 25...Ng3! 26.g4 Rh5 mate. Having lost a rook, he should have resigned on the spot, but possibly piqued, he continued on to 30...Qd5 before giving up.

SICILIAN DEFENSE

White	Black	White	Black
1 e4	e5	16 Be5	Re5
2 Nf3	Nf6	17 Rd1	Nb4
3 Bb1	g6	18 Kh1	Qg5
4 Nbd5	Nb6	19 Rg1	Bg4
5 Nc3	g7	20 Bg4	Qh4
6 Nf3	g6	21 Bf2	Qh3
7 Bg5	g7	22 Qd6	Nf5
8 e4	g7	23 Qe3	Re5
9 Nf3	g7	24 Be3	Re8
10 Qd3	g7	25 Be3	Re8
11 Qe3	g7	26 Qe3	Re8
12 Qe3	g7	27 Qe3	Re8
13 Qe3	g7	28 Qe3	Re8
14 Qe3	g7	29 Qe3	Re8
15 Bf4	Be5	30 Qd5	Qd5

31 Resigns

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New Heights for Gambling in Nepal

By John Ward Anderson
Washington Post Service

KATMANDU, Nepal — It is not Monte Carlo and it is not Las Vegas, but when the betting bug bites in this corner of the world, who's got the time — not to mention money — for a 12-hour plane ride? That, at least, is the logic of R. D. Tuttle, the Casino King of Katmandu, who is overseeing a massive expansion of gambling parlors in the capital of a country better known for high mountains than high rollers.

Legal gambling is perhaps one of the best-kept secrets of Katmandu, which allowed its first casino to open in 1968. Under an economic liberalization program begun three years ago, three more casinos have opened. All four are operated by Mr. Tuttle, an entrepreneur from Oregon who has been spreading slot machines, card tables and roulette wheels across Asia for about 20 years.

Mr. Tuttle figures he knows his clientele, and as unlikely as it seems, he is banking on gamblers from some of the world's poorest countries to make his casinos a hit.

"We're within 2½ hours' flying time of eight cities with more than 6 million people each and 25 percent of the world's population, but no casinos," he explained. "No one promotes casinos in Pakistan, Bangladesh and India, so we have our own little pool with not much competition, and we concentrate our marketing there."

Dressed in a gray suit and a

white shirt with a diamond ring flashing on one hand, the portly Mr. Tuttle looked slightly out of place at a small, stained eating table in the Casino Anna. With red velvet curtains draping a cavernous hall and rock music sneering over the sound system, the ambience was definitely Third World kitsch.

"This is not a great casino. It's not even a good casino. But one thing I know as a gambler: If you're a class C horse, you don't run in a class A race."

R.D. Tuttle, entrepreneur

"This is not a great casino. It's not even a good casino. But one thing I know as a gambler: If you're a class C horse, you don't run in a class A race."

R.D. Tuttle, entrepreneur

C horse, you don't run in a class A race."

At the other end of the spectrum is the Casino Royale, which opened nine months ago in the ballroom of a 150-year-old palace.

Nepalese are prohibited from gambling at the casinos, which cater primarily to Indian businessmen who live in or visit Katmandu and to trekkers from around the world who generally spend a few days in the capital before and after climbing trips in the Himalayas.

While about 65 percent of the casino visitors are Indians, Mr. Tuttle said, they account for about 95 percent of the gambling.

A New Delhi sociologist, Ashis Nandy, said poor people often are avid gamblers "because it gives them a false sense of a chance of a lifetime to remedy their situation." He also noted that experts estimate as much as 40 percent of the Indian economy is underground, meaning that many not-so-poor Indians have millions of untaxed black market rupees to wager.

"They can't put it in the bank or spend it in India because the in-

tract foreign exchange to the country. Nepal Recreation Centers, the company that runs the casinos, pays a \$1 million per year royalty to the government, which also takes 35 percent of the pretax profits, according to Mr. Tuttle.

He said the business is highly dependent on tourism, which was down 30 percent in Nepal last year, largely because of the worldwide recession.

While some Nepalese feel they should be allowed to gamble as well, others said the ban was necessary because Nepalese are among the poorest people in the world, with a per capita annual income of \$170.

Nonetheless, judging from attendance at the casinos one recent Saturday night, many Nepalese manage to sneak in.

"I come here when I consume whiskey and I'm drunk," said Mahesh Agarwal, a Nepalese plywood dealer who visits the casinos about twice a month. Mr. Agarwal said that since he is of Indian heritage and does not have the facial features common to many Nepalese, he generally is not challenged when entering a casino.

"A man must be intoxicated, then it doesn't matter what face he has," Mr. Agarwal said. "The casinos always welcome people who have money in their pocket."

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SEEKING SAFETY IN SUDAN — Refugees arriving in Angitwa, near the border with Zaire in rebel-held southern Sudan. Heavy fighting has displaced thousands of civilians, and the United Nations Human Rights Commission has reported massacres by both sides.

In Somalia, U.S. Packs Up Its Troubles

By Donatella Lorch
New York Times Service

MOGADISHU, Somalia — For more than a year, they were the most feared and powerful symbols of the U.S. military presence, but now the last Cobra gunships and reconnaissance helicopters are being rapidly and neatly packaged to go home.

They sit in rows at the port and on the transport ship like Thanksgiving turkeys, every inch shrink-wrapped by powerful propane guns with white plastic that hugs their bulky curves.

Nearby, American soldiers spend hours spray-washing tanks and Humvee jeeps, cleansing them of Somali dirt so that they pass standards to enter the United States.

At the airport, in the searing summer heat, the incessant landings and takeoffs blow the sand in choking blizzards. The pace of packing remains frenetic, although most American troops have already left Somalia, and almost every soldier who remains is just counting the hours.

The troops are leaving at least five days before the stated deadline of March 31. Unlike the landing in December 1992, which took place under the glare of television lights at prime time, the exodus will be without fanfare.

Officials have not even decided whether to have a ceremony to lower the American flag.

"It's a fizzle," said a senior military official. "We're an embarrassment to the administration. I don't think we'll be invited on the White House lawn like returning heroes."

The American troops came to bring peace and feed the hungry, and they leave behind a Somalia caught between the fear of anarchy and the hope of a political solution.

Because the Americans have not had a physical presence on the streets of Mogadishu for many

months, the impact of their departure is more psychological than anything else.

So far, security has not deteriorated markedly. Political negotiations between warring clans are continuing, but so is ubiquitous banditry and looting. There are frequent firefights in the streets, and Somalis walk about carrying AK-47 assault rifles and rocket-propelled grenades.

On Sunday, American soldiers shot and wounded a Somali gunman near the airport after six Somalis fired on a sentry position, said Colonel Steve Ranscht, the chief spokesman for the U.S. military. A second Somali was shot by his countrymen, he said.

In the southern port of Kismayu, heavy fighting has erupted several times between General Mohammed Farrah Aidid's ally, Colonel Omar Jess, and his rival, General Mohammed Said Hersi Morgan, and U.S. officials expect a military showdown in coming months.

More than 2,500 American troops remain on the ground in Somalia, and about 3,000 more are offshore. But by March 25, all but 50 Marines guarding the U.S. Embassy will be gone, U.S. military officials say.

All the other troops have already assembled on the airport grounds, and most will have left in the next week.

In the last few days, more than 200 newly arrived Marines took over from the army all tasks involving security, communications, artillery and helicopter reconnaissance flights.

Military officials say these Marines, who can pull out of their positions within three to six hours, only control the inner security ring at the airport, so that in theory the UN troops guarding the outer ring will automatically take over without having to physically move in.

Once the troops depart, the U.S. commanding officer, Lieutenant General Thomas Montgomery, will monitor Somalia and in particular Mogadishu, until about March 31, either from a ship or from neighboring Kenya, officials said.

The roughly 2,000 Marines on ships off the coast will probably remain until some time in April. Aside from the ubiquitous sou-

venirs of carved walking sticks and woven baskets, the few old Somali hands still here will return home with conflicting feelings: sorrow over lost comrades and unclear missions; bitterness because they felt that they were never wanted, and hope that in some way their presence did make a difference and that anarchy is not the only possible future for Somalia.

Emperor's Brother Dies in China at 87

Reuters

BEIJING — Pu Jie, 87, brother of the last Qing emperor and one of China's final links to its imperial past, died of prostate cancer Monday.

Born in Beijing in 1907, Pu Jie grew up in the final years of the Qing Imperial Court, which maintained its grandeur even as it lost control of the country.

He was the chief playmate for his brother, the boy emperor Pu Yi, who was deposed at the age of 6 by the Nationalist revolution of 1911.

The imperial brothers, along with legions of retainers and a special staff of eunuchs and concubines, remained in Beijing's Forbidden City for a further 13 years cut off from the world.

Their life of inflexible ritual amid dynastic ruin was the subject of a film, "The Last Emperor," by Bernardo Bertolucci.

Fortune turned with Japan's invasion of China in the mid 1930s, and Pu Yi was briefly made emperor of the puppet state of Manchukuo, which encompassed Manchuria.

Pu Jie, who had studied at a Japanese military academy, was married to a member of the Japanese aristocracy and named her apparent.

Manchukuo was short-lived, and both brothers were captured by the Soviet Army after Japan's surrender in 1945. In 1950 they were handed to China's Communist rulers and underwent almost a decade of political "re-education."

They were released in 1959, and the last emperor lived out his days as a gardener in one of the former imperial parks until his death in 1967.

Pu Jie was eventually more fully rehabilitated. At the time of his death, he was a member of the standing committee of China's parliament, the National People's Congress, where he represented China's five million ethnic Manchus.

His last public appearance was in October 1992, when he emerged to greet Emperor Akihito of Japan.

Sir Harold Acton, 89, Art Critic and Collector

FLORENCE (AP) — Sir Harold Acton, 89, a writer, art collector and contemporary of some of the century's leading creative and political figures, died Sunday at his villa.

Sir Harold, an heir to a British

family with deep ties to Italian nobility, had been in failing health for months.

He was the author of more than 25 books, many poking fun at the pretenses of wealthy expatriates or recounting his years as a university professor in China. His books include "The Last Emperor" (1932), "Peonies and Pines" (1941) and a collection of short stories "The Soul's Gymnasium" (1982).

He also was a world-renowned art collector and patron, filling his villa, La Pietra, with paintings and sculptures from all over the world.

Sir Harold was host to leaders such as Churchill and Prince Charles and forged friendships with writers and artists including D.H. Lawrence, Aldous Huxley, Graham Greene and Henry Moore. He spent much time with Picasso.

He donated La Pietra to New York University to be used for international seminars. Another of his estates in Florence houses the British Institute.

Leopold Kohr, 84, Of 'Small Is Beautiful' Fame
GLOUCESTER, England (Reuters) — Leopold Kohr, 84, an Austrian-born social philosopher who inspired the doctrine "small is beautiful" has died in Gloucester.

Described as a "prophet of our time," Mr. Kohr's reputation rests on his 1957 book "The Breakdown of Nations," a work of political philosophy that expounded on the theory that "small is beautiful."

Lieutenant General Lawrence C. (Bud) Craigie, 92, America's first military jet pilot and a command veteran of World War II and Korea, died Sunday. On Oct. 2, 1942, he flew the Bell XP-59A Airacomet, the first U.S. jet airplane, after two flights by a civilian test pilot, Bob Stanley. General Craigie was air commander on Corsica in 1944, deputy commander and chief of staff for Far East air forces during the Korean War, and was in charge of the North Atlantic Treaty Organization's air forces in southern Europe in the 1950s.

Charles Bernard, 77, who reported from around the world during a 41-year career with United Press International, died Friday. Mr. Bernard, who joined UPI in 1944, managed the service's Vienna and San Francisco bureaus before going to Honolulu in 1952. In 1965, he moved to the Australia-New Zealand bureau, and 10 years later he was transferred to Iran. He retired in 1983.

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AS - Australian Dollars; AU - Austrian Schillings; BF - Belgian Francs; CA - Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin;
L - Italian Lira; LF - Luxembourg Francs; P - Pounds; S\$ - Singapore Dollars; SF - Swiss Francs; Y - Yen; * asked + Other Prices; N/A - Not Available; N.C. -
Not Communicated; S - suspended; SH - Stock Split; S.W.-Swiss Francs; T - Taiwan Dollars; US - U.S. Dollars; * Other Price incl. tax unless otherwise stated. * Parity exchange; ** Amsterdam exchange.
* indicated earlier; * not reported

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33

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A NEW-STYLE BUSINESS COMMUNITY

Germany's New States

SHIPS, CHIPS AND ENERGY
APPEAL TO FOREIGN INVESTORS

On July 12, 1990, Lafarge Coppée S.A., the French building-products giant, became the first non-German investor in Germany's new states. The object of its investment was a cement producer located in Karsdorf, Saxony-Anhalt.

The newest "foreigner," at the time of this writing, is Italy's Riva group. At the end of January, the Treuhand gave its final approval

The transition takes days, not years

to this highly successful steel manufacturer's acquisition of a majority stake in EKO Stahl AG, located in Eisenhüttenstadt, Brandenburg. Riva has committed itself to investing 1.1 billion Deutsche marks (\$625 million) in EKO over the next three years.

Between Lafarge's and Riva's privatization projects, there have been 1,818 other ones by foreign companies. These have secured 146,000 jobs and generated

25.6 billion Deutsche marks in investment commitments and privatization proceeds. These figures are impressively large — and incomplete. They refer only to the initial investments by non-German companies under the Treuhand's jurisdiction, and do not include the follow-up, side-by-side or greenfield investments that often follow the privatization process.

Nor do they include, as Treuhandanstalt President Birgit Breuel points out, "indirect investment" in the region — investments made by international companies via their German subsidiaries.

All this investment has been characterized by great diversity of activities and investors.

As a rule, outside investment in any particular country is lopsided, concentrated on a limited number of quick-return areas: raw materials extraction, import-export and real estate.

The opposite trend is developing in Germany's new states. Mecklenburg-Western Pomerania is a good example. According to the lat-

est and by no means complete count, this relatively rural, sparsely populated state has attracted 133 major investors from 14 countries. These foreigners are involved in literally every aspect of business life in the state.

A Guatemalan company forwards ocean-bound freight from the Port of Rostock. One of its neighbors is an Icelandic-owned fishing operation.

Thirty-five kilometers to the south, in the town of Güstrow, a Greek-run kitchen furnishings and fittings manufacturer, Yianni Systema/Mecklenburg-Küchen Güstrow GmbH, has become one of the rising stars in Eastern Germany's business scene.

France's Gervaise Danone produces yogurt in child-sized containers in Hagenow; Switzerland's Nestlé, baby food in Mallisch/Conow. Other items produced by the state's "foreigners" range from ships (Kvaerner's works in Warnemünde) and sugar (Danisco's refinery in Anklam) to CDs (a Swiss-owned company in Witten-



Business and leisure travelers are welcome in Germany's new states (left); a new economy is being built up throughout the region (right).



burg), potable tap water (the French-led Eurawasser in Rostock), advanced pharmaceuticals (Swedish-owned MTN Medizin-technik in Neubrandenburg) and recycled plastics (Aquarius, a Dutch-owned company, located in Fried-

land).

The individual companies are as heterogeneous as the corporate sector they comprise. Konstantinos Chrysanthakopoulos, Yianni's chairman, describes the communication with Managing Director Peter Bobzin as "a little bit choppy, but effective." This is not particularly surprising, since the executives communicate in neither Greek nor German, their respective

native languages, but in English.

This heterogeneity extends far beyond means of communication. Mr. Chrysanthakopoulos came to Güstrow with a detailed knowledge of Europe's furniture and financial markets, and virtually no acquaintance with local operating conditions. His mix of experience and inexperience neatly complemented that of the senior managers at Mecklenburg-Küchen Güstrow GmbH, the company he acquired from the Treuhandanstalt in December 1992.

Peter Bobzin's team had already done some valuable preliminary work in reorganizing the company's prod-

uct and production lines and distribution system. "Our new investor brought us some key things we had been missing — the money and expertise to take on world markets," says Mr. Bobzin.

A simple factor explains why these companies are so polyglot: thanks to the Treuhandanstalt's indefatigable, worldwide privatization marketing activities, the investment process has been speeded up by a factor of ten. A decade or more generally elapses between a company's initial founding of a foreign outlet and its final upgrading into a full-fledged production operation. Items emerging from this facility are often "im-

ports" — internationally proven products manufactured for local markets.

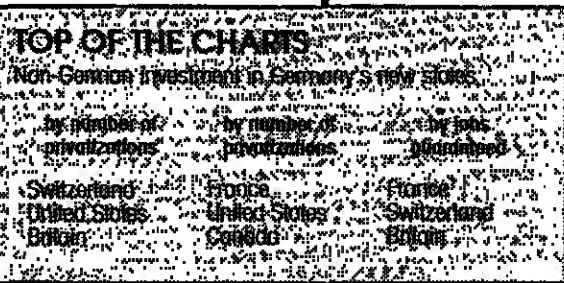
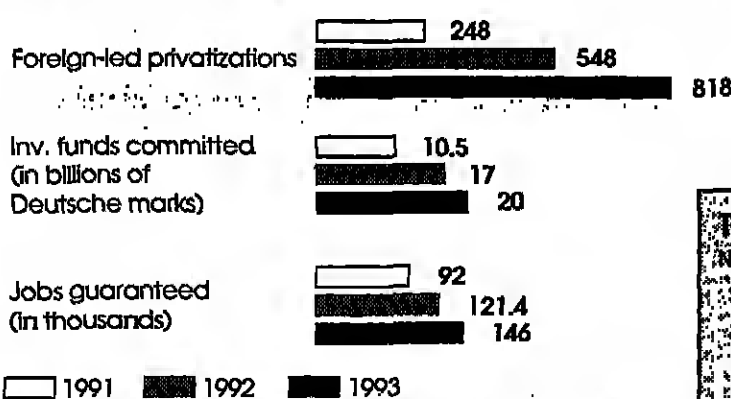
During this decade, local managers have been schooled in the ways and languages of their international parent companies; international executives have attended language schools and "multicultural management methods" courses.

The new owners of former Treuhand companies, however, are "instant investors." Their orientation period was denominated in minutes and days, not months or years. There was no phasing-in of operations. Existing businesses had to be kept in operation while new technologies were introduced and new products

developed. "A yours, mine, ours approach" is how an Italian investor recently described the multicultural operating style emerging at his company's East Berlin-based pharmaceutical subsidiary.

All in all, it has been an exciting, if not always easy, one. Non-German investors report, "The challenge of living up to my agreements with the Treuhand while meeting the expectations of my investors back home, and at the same time doing business in a new environment, has been quite memorable," says Otto Söberg, chairman of the board of Kvaerner Warnow Werft, the Rostock-based Norwegian-East German hybrid.

A GROWING NON-GERMAN PRESENCE IN GERMANY'S NEW STATES



SUCCESSFUL SHIPBUILDING: KVAERNER

Many observers in 1990 and early 1991 divided Eastern Germany's economy into three types of sectors as the dimensions of its restructuring needs became apparent: "easy," "difficult" and "impossible" to privatize.

The shipbuilding sector, located on Mecklenburg-Western Pomerania's Baltic coast, made everyone's "impossible" list. The rea-

But in August 1991, a group of business executives from the Kvaerner group arrived in Mecklenburg-Western Pomerania. Kvaerner, Norway's largest privately owned company, had recently made a major move into shipbuilding from its traditional focus on power generation, mechanical engineering and paper production. Within the short space of three years, Kvaerner had become one of the world's largest — and

Warnemünde. "Our company had been looking for an on-market base in Central Europe for some time," he says, "and the invitation from the Treuhandanstalt and the state government of Mecklenburg-Western Pomerania came at the right moment."

In October 1991, after considering another shipyard, Kvaerner selected the Warnow yards in Warnemünde, Rostock's port. Warnow had a long

assumption funds had been put together by the agency, the state of Mecklenburg-Western Pomerania and the federal government, the transfer of the company's ownership was finalized in October 1992.

"Anywhere I look, all I see is a construction site," says Mr. Söberg. This construction activity, which began in the summer of 1993, involves the revamping of 80 percent of the facilities on the 900,000 square meter (9.6 million square foot) site.

The heart of the "new" Warnow shipyards will be a state-of-the-art partially covered dry dock, 320 meters long. All told, Kvaerner has allocated some 500 million Deutsche marks (\$285.7 million) to the project.

While all this is going on, ships are still being built in Warnow's "old" yards, which are currently processing orders for seven vessels.

"Our timetable calls for production in the new shipyards to begin in 1995 and our first ships to be completed in April 1996," says Mr. Söberg, adding, "And as we've met every deadline up until now, I can't see any reason why we won't make this final one. We'll be bringing out advanced-model ships: a double-hulled tanker, a large-sized bulk carrier, a container carrier and an LPG [liquid petroleum gas] carrier."



Shipbuilding in Mecklenburg-Western Pomerania: a long history of successful projects.

soning: world markets were glutted with ships, and even highly efficient, ultramodern shipyards in Western Europe were registering losses, so who would want to acquire these massive, outdated yards?

most profitable — shipbuilders. According to Otto Söberg, chairman of the board of management of Kvaerner Warnow Werft, there was no secret about why Kvaerner had come to

and honorable past — some 360 deep-sea ships had been built there since 1957. In January 1992, Kvaerner began negotiating with the Treuhandanstalt. After a generous package of debt and environmental-liability-

STATE-OF-THE-ART CHIPS: THESYS

Thesys is a model company, with model products and model management. Its first commercial product, "TheVideo," has just been introduced to the multimedia market.

TheVideo is a chip that equips PCs with low-cost video display and processing capacities. It has already been hailed as "one of 1994's can't-miss products" by German trade papers.

In November, the company's managing directors, Hans-Jürgen Straub and Claudio Loddio, were awarded Forbes Germany's prize for management excellence in Germany's new states.

The Erfurt-based company is a role model in another way. It provides an example of how private-sector know-how and public-sector support, international outreach and home-grown talents can be fused into a single entity. Chip manufacturer LSI Logic, headquartered in Milpitas, California, holds a 19.8 percent stake in Thesys' equity. The rest is owned by Landesbank Hessen-Thüringen, a public-sector bank, on behalf of the state of Thuringia.

The history of Thesys' privatization also serves as a model — a model of unwavering perseverance in the face of many obstacles. It took several attempts by the Treuhandanstalt and the state of Thuringia in addition

to a change in the world's electronics markets and two and a half years of patient funding to put Thesys Gesellschaft für Mikroelektronik mbH (its full name) together.

Supporting the current growth in the global chip market — production is to rise by 10 percent this year — is a greatly increased demand for new-generation smart-cards and mobile telephone systems.

In 1990, there was a glut of chips on the market, and Western producers were letting Asian companies dominate the sector. Even such well-established American market-makers as Intel and Motorola were losing ground. A new European producer, especially one in East Germany, was the last thing in which the world market was interested.

In early 1990, Claudio Loddio, then general manager for Europe/International of LSI Logic, was approached by representatives of PTC GmbH, as Thesys was known then. "They wanted to purchase some items from us," says Mr. Loddio, a 44-year-old native of Sardinia. "I went to Erfurt, looked at their facilities and was impressed by what I saw."

Erfurt had been a prime site of East Germany's lavishly expensive venture into chip manufacturing. In an effort to preserve this venture's legacy — a stock of advanced capital goods and

technical skills — the government of the new state of Thuringia and the Treuhandanstalt were generously funding PTC's upgrading.

Early in the privatization phase, the region's econ-

Loddio — had a clear perception of its market niche: high-value-added ASICs (application specific integrated circuits) using proprietary designs. In 1993, Thesys recorded a turnover of 30 million Deutsche



A vision of the future: this company concentrates on chips.

ic authorities deemed the saving of Eastern Germany's microelectronics industry a "must." Thesys was one of the final products of their efforts to promote the industry's growth.

On October 22, 1993, the new company launched operations. Its management — which now included the recently recruited Mr.

marks (\$17.1 million). "It was a year of reorganizing and getting started. In the face of fierce competition, we secured 40 different chip-design development orders in 1993. This year is when we really take on international markets," says Mr. Loddio, who forecasts a doubling in sales for 1994.

POWER SUPPLY GOES GLOBAL: MIBRAG

Until recently, power supply was a closed shop in European countries, a no-go sector for foreign companies. The European Union has been striving to break up these de facto monopolies for the last decade.

On December 8, 1993, an important breakthrough was achieved. MIBRAG (Mitteldeutsche Braunkohlengesellschaft mbH) was privatized. Located in southern Saxony-Anhalt, MIBRAG is one of Eastern Germany's two largest suppliers of lignite, and operates three industrial

power plants. MIBRAG's new owners are an Anglo-American consortium comprised of NRG Energy (one of the United States' 25 largest power-plant operators), PowerGen (one of the United Kingdom's two recently privatized electricity suppliers) and the Morris Knudsen Corporation (an integrated mechanical and power engineering company).

The consortium is to spend 1.3 billion Deutsche marks (\$742.8 million) over the next 10 years to modernize mining operations and outfit

the power plants with state-of-the-art scrubbers and other emission-reducing equipment. At least 2,100 jobs will also be created.

The clean-up factor is, in one sense, the crux of the deal. Lignite is abundant in Germany's new states and has long been a source of employment, power — and pollution. Thanks to this advanced equipment, which reduces noxious emissions by 50 percent to 95 percent (depending on the pollutant), lignite will continue to fuel power plants and the local economy.

Germany's new states are moving in the right direction. Powered by the collective and individual efforts of the region's residents, eastern Germany's economic structures are being transformed. One major part of this transformation has been effected by the Treuhandanstalt, which has privatized thousands of centrally-controlled economic units since summer, 1990, when the agency launched its main operative phase. Before the ultimate goal of creating a functional free market economy in Germany's new states has been achieved, many obstacles have to be overcome. The region's companies are still contending with slumps in their traditional markets in both eastern and western Europe. The companies themselves are undergoing the rigors of top to bottom revampings of their production facilities and operating technologies. Carrying this out has involved the highest degree of toil and personal sacrifice. Many persons have been confronted with the loss of their jobs and with corresponding periods of unemployment, others with the challenge of learning a new profession. Despite this, one fact remains of central pertinence: the transformation has gotten off to a solid start. The region's newly-recreated economy is generating products and services well capable of competing successfully on international markets. This fact is documented by the figures for sales made by the region's individual economic sectors. The worst is over for eastern Germany's economy, a time of growth is at hand.

Focus on: TLG and property

The Treuhandanstalt has the world's largest portfolio of real estate. This portfolio is managed by the TLG, a Treuhandanstalt subsidiary, and comprises everything from downtown la sites to exurban business properties with quick access to divided highways and rail lines. The TLG's portfolio also includes palaces, lakeside plots and properties on the Baltic Sea. For the innovative investor, the TLG has something special to offer: "Amerika", 28 acres of riverfront property featuring an historic textile mill and related facilities and grounds.

A full-service provider, the TLG is headquartered in Berlin and maintains offices in all five of Germany's new states. These offices are staffed by professionals with an in-depth knowledge of local real-estate markets.

Compensation packages were provided to those experiencing - a sadly unavoidable - loss of their jobs. Both these packages and job-creation programs were often made possible by large expenditures of Treuhandanstalt funds. Despite all the changes taking place in the region's companies, they have never stopped investing in the future and in tomorrow's human capital. Some 6.8% of all persons working at the region's companies are trainees - an

average exceeding those in western Germany.

The industrial sector in Germany's new states has registered a further rise in output. Companies privatized by the Treuhandanstalt over the past three years have played a major role in causing this "marked increase in the level of industrial activity in the new states", as it is being termed by leading German economic institutes. This industrial sector is not only growing in both size, but also in sophistication. One prominent example: plans are being finalized to produce ultra-high performance chips in Saxony. Siemens intends to capitalize on the Dresden region's years of experience in manufacturing advanced electronic components when undertaking these production activities. The Treuhandanstalt has helped sustain the area's manufacturers during their time of transition.

Other prominent example of the region's companies taking on highly competitive world markets is in Thuringia, where Carl Zeiss Jena and its associates have developed new ranges of optical and micro-electronic products and sensoric instruments. Underpinning this new start is a new operational productivity in the companies involved.

Another example is in Mecklenburg-Western Pomerania's shipbuilding sector, long a traditional activity on the Baltic coast. Newcomers to ranks of the state's shipbuilders (but by no means to the international shipbuilding market) are Kvaerner, the Norwegian company, and Hanse Holding, part of the Bremer Vulkan group.

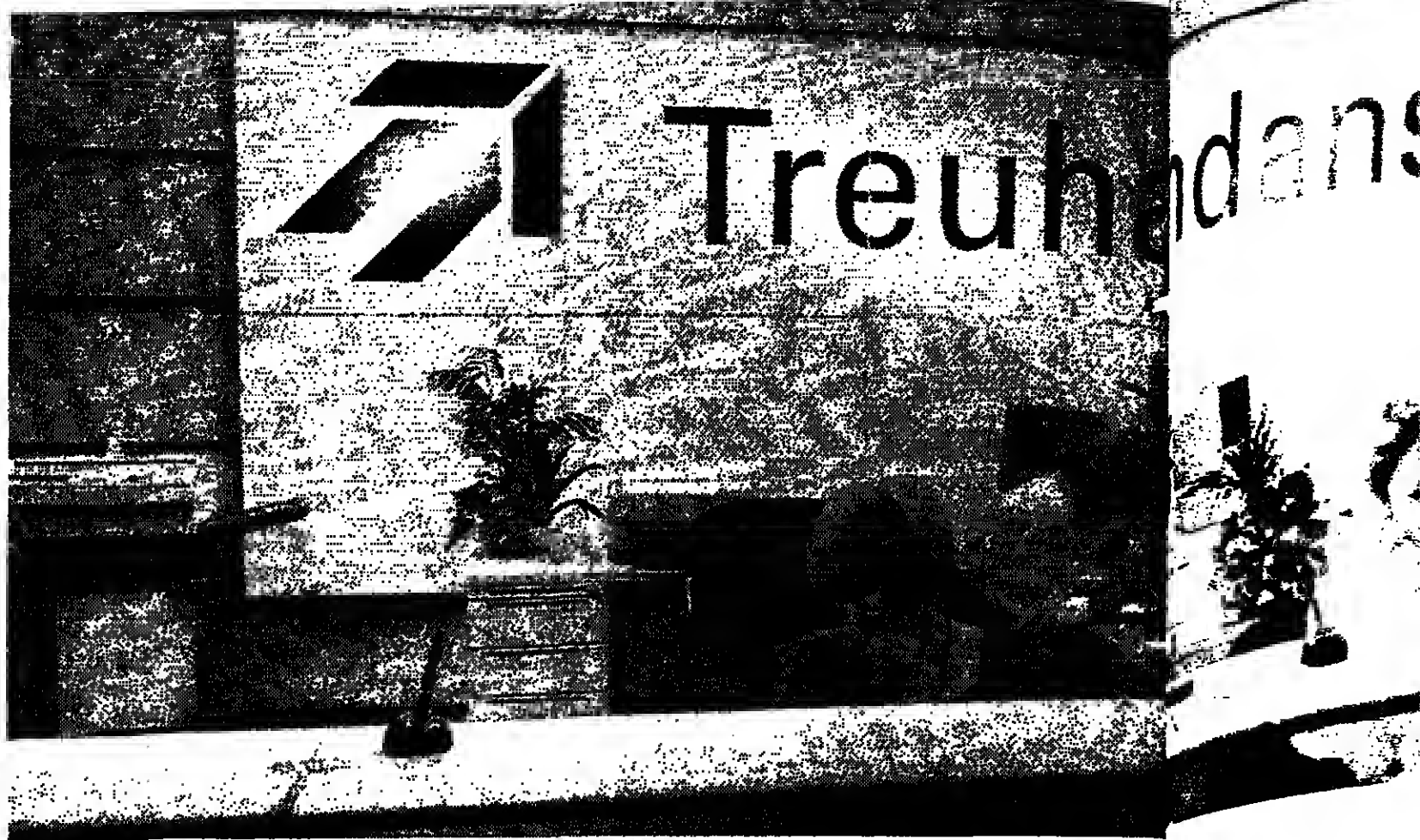
EKO is a steel-manufacturing company located in Eisenhüttenstadt, Brandenburg. Its future has just been resolved. Italy's Riva group will acquire a majority stake in EKO and will manage its operations.

The new states' industrial transformation has been especially pronounced in Saxony-Anhalt's "Chemical Triangle", which is located between the cities of Halle and Merseburg. One of the facilities issuing from this sweeping change is a new refinery located in Leuna and belonging to France's Elf-Aquitaine.

These are just a few of the 47,000 privatizations already facilitated by the Treuhandanstalt.

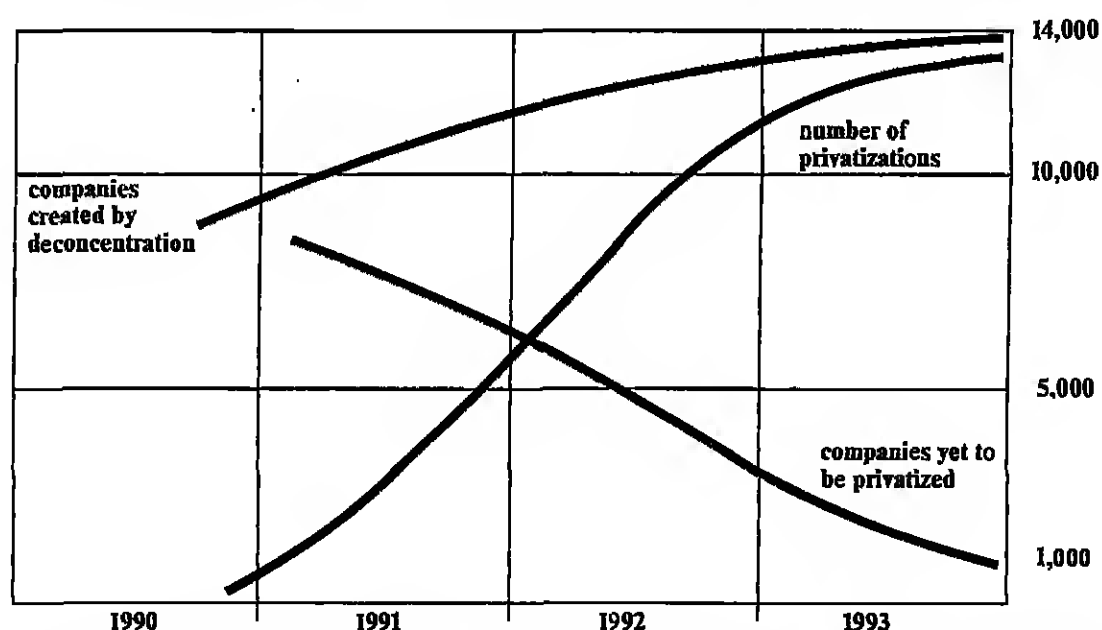
As of January, 1994, the Treuhandanstalt's portfolio contained less than 300 companies still seeking private-sector ownership. This relatively small number does not, however, by any means indicate that the agency is running out of things to do.

Quite the opposite. The Treuhand-Liegenschaftsgesellschaft mbH (TLG) is the agency's highly-active real estate arm. One of the factors boosting the growth of a broad-based corporate sector in Germany's new states has been the corresponding rapid development of its real estate market. The TLG and its partner companies have played - and are playing - a major role in creating and further developing this market.



German (east) The Treuhandanstalt set the course

Privatization: the path to a private sector



In 1990, the Treuhandanstalt assumed the responsibility for more than 8,000 economic units, which had formed part of East Germany's centrally planned economy. Through deconcentration and split-offs, some 13,000 independently-run companies were created. As of the beginning of 1994, some 300 companies were still awaiting privatization.

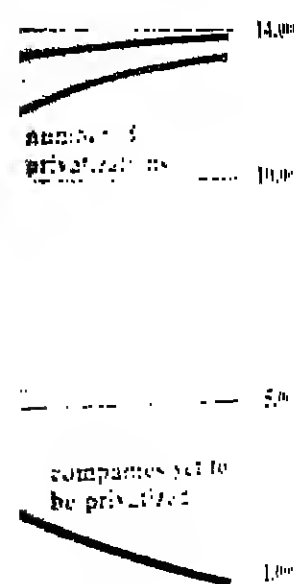
The Treuhandanstalt's balance sheets in 1990/91 and in 1992

	DM opening balance sheet 1.7.90	corrected opening balance sheet 1.7.90	balance as of 31.12.91	balance as of 31.12.92
ASSETS				
A. Property transferred to the Treuhand under the Trusteeship Act ("Treuhandgesetz") and the German-German Agreement on Unification ("Einigungsvertrag")				
I. Equity held	78,909	77,836	45,568	33,004
II. Mining property	1,387	1,388	982	466
III. Agricultural land and forestry properties	16,063	15,959	15,310	14,661
IV. Other non-financial assets	5,772	6,053	5,331	5,228
V. Claims against Treuhand companies claims arising from liabilities for equalization accruing in accordance with § 25 DM BilG (Germany's law on balance sheets) loans to partners	6,177	5,544	2,712	954
	5,667	8,250	8,366	8,669
B. Other assets held by the Treuhand				
I. Fixed assets				
Intangible assets			4	4
Tangible fixed assets			63	84
Financial assets			0	501
II. Current assets				
Goods on hand	213	213		
Receivables and other assets				
a. Due from privatization agreements			5,832	3,910
b. Due from Treuhand companies			80	416
c. Due from affiliated companies			2	98
d. Other assets	25	25	688	1,249
Securities				1,856
checks, cash on hand and at banking institutions	18	18	301	247
C. Accruals and deferrals			0	186
D. Deficit	209,291	235,015	246,585	250,318
Sum totals	323,522	350,301	331,824	321,851



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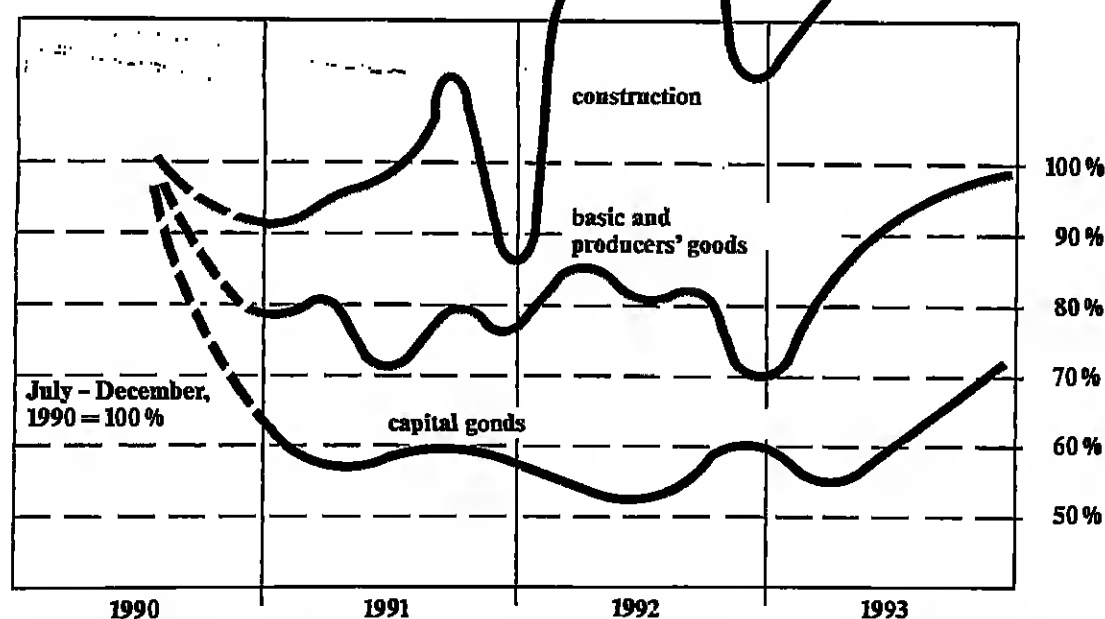
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An upswing in production



This is a graphical presentation of the net industrial production in Germany's new states. The point of reference (100%) is July - December, 1990. As the chart indicates, the individual sectors have experienced divergent paths of development. The construction sector is growing explosively; the region's capital goods producers are still suffering from the crumbling of markets in eastern Europe.

	DM opening balance sheet 1.7.90	corrected opening balance sheet 1.7.90	balance as of 31.12.91	balance as of 31.12.92
LIABILITIES	in DM million	in DM million	in DM million	in DM million
A. Reserves				
I. Reserves constituted to provide for the restructuring of properties held for financial expenditures resulting from recapitalization for reorganization and for privatization, including liquidation and settlement	30,573	38,292	24,709	15,385
for assignment of assets to municipal and regional authorities and to original owners (reprivatization)	165,805	190,007	161,558	131,669
II. Reserves constituted to provide for transfer and compensation claims	18,918	17,720	11,369	6,556
III. Reserves providing for commitments to compensate for loss of property value, constituted according to Germany's law on property	12,981	9,992	9,992	10,771
IV. Reserves providing for commitment to make interest payments to the credit settlement fund	14,950	10,400	10,399	9,646
V. Reserves for pension payments and similar obligations	17,535	15,233	14,098	6,450
VI. Other reserves	6,504	5,784	5,292	5,262
B. LIABILITIES				
I. Loans				17,038
II. Liabilities to credit-dispensing institutions	39,893	44,440	74,401	96,838
portion attributable to liabilities assumed			49,922	56,682
III. Liabilities arising from privatization agreements			3	111
IV. Liabilities arising from products delivered and services rendered			56	90
V. Liabilities to Treuhand companies				
Liabilities arising from claims for compensation arising from § 24 DM BtG (Germany's law on balances)	14,546	17,029	15,534	15,076
Other liabilities	1,817	1,404	3,315	5,459
VI. Liabilities due to affiliated companies			6	115
VII. Other liabilities			1,082	1,276
C. Accruals and deferrals				92
Sum totals	323,522	350,301	331,824	321,851

The Bodenverwertungs- und Verwaltungsgesellschaft (BVVG) is charged with administering the agency's portfolio of 3.7 million acres of agricultural land and 2 million acres of woods. In financial year 1992/93, the BVVG concluded 9,412 lease agreements; for 1993/94, more than 6,700.

The Treuhandanstalt's contract management department is also quite busy managing its nearly 30,000 "charges". The department's job is to ensure that the agency's contractual partners adhere to these agreements. On a contract by contract basis, the department supervises compliance with such items as number of jobs guaranteed and investment commitments. All told, the Treuhandanstalt's contracts now involve DM 45 billion in proceeds from privatization, guarantees of 1.5 million jobs and commitments to invest DM 180 billion.

Another of the Treuhandanstalt's major, ongoing responsibilities is returning property expropriated by the East German government to the region's districts and large-sized cities. To date, local governments have placed 76,978 applications for the return of such items as airports, street car lines, daycare centers and sports facilities. Of those applications, more than 31,000 have already been processed and resolved.

An onerous responsibility remains the administration of the "special property" formerly in the possession of the "Commercial Coordination" department of the East German security forces and of that previously owned by the country's Communist party and related organizations. This responsibility has an especially vexing dimension. These assets, presumably worth billions of marks, must be first tracked down.

Three thousand companies had reached the point where their reorganization and recapitalization was no longer possible. These companies had to be closed down. However, by selling individual operations or assets, liquidators employed by the Treuhand have been successful in securing more than one third of all jobs at these companies. The majority of these liquidations won't be concluded within the immediate future.

When its companies have been privatized, the story of the "Treuhandanstalt" - in its present form - will come to an end. Its objective was and remains to put itself out of business. The Treuhandanstalt has submitted proposals to Germany's law-makers on ways to restructure the agency's operations in the post-privatization phase. Now it's up to the law-makers to decide.

This transition of operations has been scheduled for the end of 1994. The Treuhandanstalt will bequeath a sound financial situation to its successors. Balance sheets have been compiled and audited, reserves have been formed for future eventualities. Money spent by the agency went to secure jobs and the future of the Treuhandanstalt's companies.

In doing this, the Treuhandanstalt could not avoid making mistakes. District attorneys are

currently prosecuting a number of cases. These will then be brought for resolution in courts of law. The Treuhandanstalt is actively supporting the prosecuting authorities in their efforts to combat this form of white-collar crime.

The TLG in facts and figures

- The TLG currently has some 70,000 properties in its portfolio.
- 980 persons are employed at its headquarters and at its fifteen offices.

The track record 1991 to 1993

Some 25,400 properties have been privatized, resulting in proceeds of DM 14 billion, investment commitments of DM 39 billion and the guaranteeing of 240,000 jobs.

A broadly-based private and public sector coalition is currently promoting purchases of products and services from Germany's new states. Participating in this program is one way to assist the persons in Germany's new states in their efforts to transform their economic system.

Your questions for the Treuhandanstalt.

Fax your queries to
(+49-30) 31 54 10 33.

I would like more information on

- ☐ the Treuhandanstalt's entire range of activities
- ☐ the Treuhandanstalt's finances
- ☐ companies still awaiting privatization
- ☐ the sales campaign on behalf of companies in Germany's new states
- ☐ TLG and property
- ☐ business opportunities provided by the region's small and medium-sized companies

Our address:

Treuhandanstalt
Public Relations
Detlev-Rohwedder-Haus
Leipziger Strasse 5-7
D-10100 Berlin

 Treuhandanstalt

THE 1994 Herald Tribune READER SURVEY

The International Herald Tribune is of vital importance for us to know how our readers use it, so that we can continue to produce a better newspaper for you. Whether you read the International Herald Tribune regularly or only occasionally, we would be grateful if you could help us by completing and returning this questionnaire. The survey results, which will be produced in a confidential manner, will be used by our editorial, marketing and advertising departments.

Your responses will be kept in strictest confidence by RSL - Research Services, a leading international market research company.

In appreciation, we will make a charitable donation of one US dollar to the charity of your choice. The findings of the survey and amounts donated will be published in the IHT in a few weeks time.

Please complete and return the questionnaire to RSL, using the folding card provided for this purpose.

RICHARD MACLEAN
CHIEF EXECUTIVE
PUBLISHER

YOU AND THE INTERNATIONAL HERALD TRIBUNE

1. Where do you usually obtain your copies of the International Herald Tribune?

- subscription delivered to your home ☐ (10%)
subscription delivered to your office - personal subscription ☐
- circulated copy ☐
buy regularly from newsagent / newsstand ☐
buy occasionally from newsagent / newsstand ☐
friend or colleague's copy ☐
airline / hotel copy ☐

2a. How often do you usually read or look at the IHT?

- 5 - 6 days a week ☐ 1 - 2 days a week ☐ (10%)
3 - 4 days a week ☐ Less often than once a week ☐

2b. Where do you usually read or look at the IHT? (Please check all that apply)

- At home ☐ Traveling abroad ☐ (10%)
At work ☐ Elsewhere ☐
Traveling to and from work ☐

3a. Does your spouse/partner read your copy of the IHT?

- Yes ☐ No ☐ (10%)

3b. And how many people in total, excluding yourself, usually read your copy of the IHT?

- One ☐ Three ☐ Five or more ☐ (10%)
Two ☐ Four ☐ No one else ☐

4. How interested would you be in reading a lengthier, magazine-type article in the IHT?

- Very interested ☐ Quite interested ☐ Not very interested ☐ (10%)

TRAVEL

5. Approximately how many business air trips did you make in the last 12 months? (Count a round trip as one).

- None ☐ 3 - 5 ☐ 10 - 19 ☐ 35+ ☐ (10%)
1 - 2 ☐ 6 - 9 ☐ 20 - 34 ☐ IF NONE SKIP TO Q8

6. To which of the following destinations did you fly on business in the last 12 months?

- | EUROPE | THE AMERICAS | ASIA/PACIFIC | MIDDLE EAST | AFRICA | ELSEWHERE |
|---|--|------------------------------------|-------------|--------|-----------|
| Belgium / Luxembourg <input type="checkbox"/> (10%) | USA <input type="checkbox"/> (10%) | Hong Kong <input type="checkbox"/> | | | |
| France <input type="checkbox"/> | Canada <input type="checkbox"/> | Singapore <input type="checkbox"/> | | | |
| Germany <input type="checkbox"/> | Latin America <input type="checkbox"/> | Japan <input type="checkbox"/> | | | |
| Italy <input type="checkbox"/> | | Taiwan <input type="checkbox"/> | | | |
| Spain <input type="checkbox"/> | | Thailand <input type="checkbox"/> | | | |
| Switzerland <input type="checkbox"/> | | Malaysia <input type="checkbox"/> | | | |
| Netherlands <input type="checkbox"/> | | | | | |
| Scandinavia / Finland <input type="checkbox"/> | | | | | |
| British Isles <input type="checkbox"/> | | | | | |
| Russia <input type="checkbox"/> (10%) | | | | | |
| Other Eastern European Countries <input type="checkbox"/> | | | | | |

7a. For business trips, which class of air travel do you usually use?

- | FOR SHORT-HAUL TRIPS
(Up to four hours) | FOR LONG-HAUL TRIPS
(Over four hours) |
|--|--|
| First Class <input type="checkbox"/> (10%) | |
| Business Class <input type="checkbox"/> | |
| Economy <input type="checkbox"/> | |
| No such trips <input type="checkbox"/> | |

7b. Do you belong to an airline's executive/frequent flier club? Yes ☐ No ☐ (10%)

7c. If yes, which one(s) do you mainly use? (Please write in)

1. _____ 2. _____ 3. _____

8. In the last 12 months, approximately how many nights have you spent in hotels on business?

- None ☐ 8 - 14 ☐ 30 - 49 ☐ 75 or more ☐ (10%)
1 - 7 ☐ 15 - 29 ☐ 50 - 74 ☐

9. In the last 12 months, how many times have you rented a car (for business or personal reasons, at home or abroad)?

- Not rented ☐ 3 - 6 rentals ☐ 15 rentals or more ☐ (10%)
1 - 2 rentals ☐ 7 - 14 rentals ☐

10. Please indicate whether you have done either of the following in the past 12 months:

- | FOR PERSONAL REASONS | FOR BUSINESS REASONS |
|---|----------------------|
| Flown in a privately chartered aeroplane <input type="checkbox"/> (10%) | |
| Used your company's private aeroplane <input type="checkbox"/> (10%) | |

11a. Please indicate whether you own any of the following companies' calling cards, excluding pre-paid telephone cards. (Please check all that apply)

- AT&T ☐ MCI ☐ Sprint ☐ (10%)
Other ☐ Do not own one ☐ SKIP TO Q.12

11b. How many times, on your last business trip outside your own country, did you use your calling card?

- None ☐ Twice ☐ 6 - 9 times ☐ (10%)
Once ☐ 3 - 5 times ☐ 10 or more times ☐

ABOUT YOU

12a. Of which country (or countries) are you a citizen? (Write in)

12b. In which country are you currently resident? (Write in)

12c. For how long have you been living in your present country of residence?

- Less than 6 months ☐ 1 - 2 years ☐ 5 - 10 years ☐ (10%)
6 - 12 months ☐ 2 - 5 years ☐ 10 or more years ☐

13. Are you?

- Male ☐ Female ☐ (10%)

14. What is your age?

- Under 25 ☐ 35 - 44 ☐ 55 - 64 ☐ (10%)
25 - 34 ☐ 45 - 54 ☐ 65 or over ☐

15. What is the highest educational level you attained?

- Doctorate/ higher university degree ☐ University degree/ equivalent professional qualification ☐ (10%)
MBA ☐ Secondary or high school ☐

16. Into which of the following groups does your pre-tax annual household income from all sources fall? (Check in US\$ or write in your own currency)

- Up to US \$50,000 ☐ \$150,000 to \$199,999 ☐ (10%)
\$50,000 to \$74,999 ☐ \$200,000 to \$249,999 ☐
\$75,000 to \$99,999 ☐ \$250,000 to \$499,999 ☐
\$100,000 to \$149,999 ☐ \$500,000 or more ☐

Or annual income in own currency (write in)

17a. How many cars are there in your household, including any company cars?

- No car ☐ One ☐ Two ☐ Three or more ☐ (10%)

17b. What do you estimate to be the current cost of your main car, if purchased new (to the same specification)?

- Under US \$15,000 ☐ \$40,000 to under \$75,000 ☐ (10%)
\$15,000 to under \$25,000 ☐ \$75,000 or more ☐
\$25,000 to under \$40,000 ☐

18. Which, if any, of these cards do you use? (Please check as many as apply)

- Access/Eurocard/Mastercard (Gold) ☐ Diners Club ☐ (10%)
Access/Eurocard/Mastercard ☐ Visa Gold/Premier ☐
American Express Gold/Platinum ☐ Visa/Carte Bleue ☐
American Express Green ☐ None of these ☐

19a. Which, if any, of the following types of investment do you or members of your household have?

- Stocks and Shares ☐ (10%) Life Assurance Policies ☐ (10%)
Bonds ☐ Derivative Products ☐
Government Securities ☐ Gold/Precious Metals ☐
Investment funds (including Mutual Funds/Unit Trusts) ☐ Real Estate (excluding main residence) ☐
Private Pension Plans ☐ Collectibles (art, antiques, coins, stamps, etc.) ☐
Other ☐

19b. What is the approximate total value of the above and any other investments (excluding your main home) owned by you and members of your household (in US \$)?

- Under US \$50,000 ☐ \$500,000 to under \$1 million ☐ (10%)
\$50,000 to under \$100,000 ☐ \$1 million to under \$5 million ☐
\$100,000 to under \$250,000 ☐ US \$5 million or more ☐
\$250,000 to under \$500,000 ☐

Please indicate which of these charities should benefit from your dollar donation:

Save the Children ☐ Red Cross ☐ (10%)
Worldwide Fund for Nature ☐ Cancer Research ☐

A U.S. DOLLAR FROM YOU TO A CHARITY

Thank you for your co-operation. In 1991, the IHT contributed \$10,662 to charity on behalf of respondents to a similar questionnaire.

YOUR OCCUPATION

20. Are you ...?

- Working full-time ☐ Student ☐ Not in a paid occupation ☐ (10%)
Working part-time ☐ Retired ☐ Other ☐

If you are not working full-time or part-time, please skip to bottom of page.

21. What is the principal activity of the organisation for which you work?

- Primary/Public Utilities ☐ (10%) Education ☐ (10%)
Manufacturing/Engineering ☐ Legal ☐
Wholesale/Retail ☐ Medical ☐
Financial Services ☐ Government/ Diplomatic Service ☐
Other Business Services ☐ Other (Write in) ☐

22. What is your job status?

- Proprietor/Partner ☐ (10%) Legal Practitioner ☐ (10%)
Chairman/ Chief Executive/President ☐ Medical Practitioner ☐
Managing Director/ General Manager ☐ Scientist/Researcher/ Technologist ☐
Other Senior Management ☐ Academic ☐
Middle Management ☐ Teacher ☐
Executive ☐ Senior Government Officer/ Diplomat ☐
Self Employed/ Independent Consultant ☐ Other (Please give details) ☐

23. For which, if any, of the goods and services listed below are you wholly or partly responsible for company decisions to purchase or lease, or to appoint or change a supplier? (Please check as many as apply)

- COMPUTERS/SOFTWARE ☐ (10%) Corporate Financial Services ☐ (10%)
Network Systems ☐ Fund Management ☐
PCs/Desktop Computers/WPs ☐ Foreign Exchange ☐
Laptop Computers ☐ Insurance Services ☐
Computer Peripherals ☐ Company Credit Cards ☐
Software/Software Services ☐
TELECOMMUNICATIONS ☐ BUSINESS SERVICES ☐
Facsimile Equipment ☐ Legal Services ☐
Telecommunications Systems or Equipment ☐ Management Consultancy Services ☐
OTHER EQUIPMENT ☐ Executive Recruitment ☐
Photocopiers ☐ Management Training Courses ☐ (10%)
Company Aircraft ☐ Company Travel ☐
Company Vehicles ☐ Conferences/Exhibitions ☐
Plant and Equipment ☐ PR/Marketing/ Advertising/Market Research ☐
Scientific Instruments ☐ Courier/Freight Services ☐
Raw Materials ☐ Information Services ☐
Business Premises/ Industrial Site Selection ☐ Data Management ☐
FINANCIAL SERVICES ☐ None of these ☐
Domestic Banking ☐
International Banking ☐

24. Does your company operate outside the country in which you are currently based? Yes ☐ No ☐ (10%)

25. How many people does your company employ ...

- a) in your country of residence? Under 10 ☐ 10-49 ☐ 50-249 ☐ 250-999 ☐ 1000-4999 ☐ 5000+ ☐ (10%)
b) worldwide? ☐ ☐ ☐ ☐ ☐ ☐

26a. Which of the following international activities do you carry out in the course of your work?

- 1 purchase goods/services from suppliers in other countries ☐ (10%)
1 influence strategic decisions about the company's international operations ☐ (10%)
1 manage the company finances at an international level ☐ (10%)
1 raise capital or invest funds internationally ☐ (10%)
None of these ☐

26b. In which of the following countries/regions are you involved in the course of your work?

- Western Europe ☐ (10%) Africa ☐ (10%)
Other Europe ☐ Japan ☐
USA / Canada ☐ South East Asia ☐
Latin America ☐ Other Asia ☐
Middle East ☐ Australia/New Zealand ☐
None of these ☐

PLEASE WRITE IN BLOCK CAPITALS

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CITY _____

POST CODE _____

COUNTRY _____

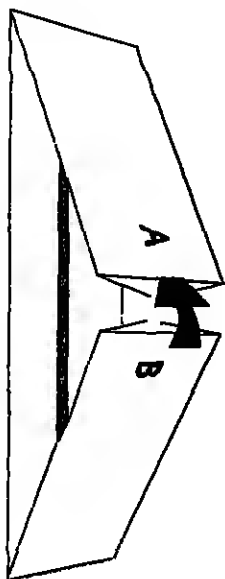
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Herald INTERNATIONAL **Tribune**
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

THE International Herald Tribune has donated around \$65,000 to charity, on behalf of our readers, in connection with periodic reader studies like this one.

PLEASE help us continue this important program by completing and forwarding the questionnaire on the reverse side of this sheet.

Our warmest thanks for your help.

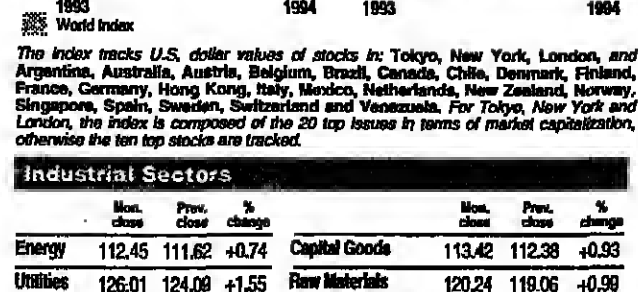
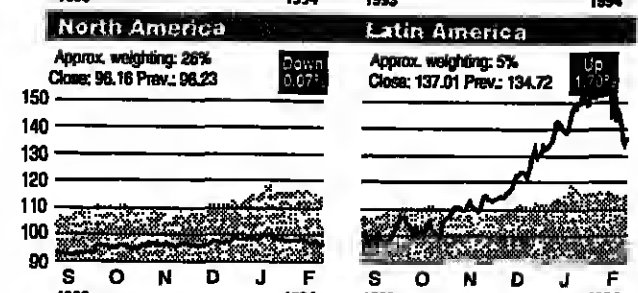
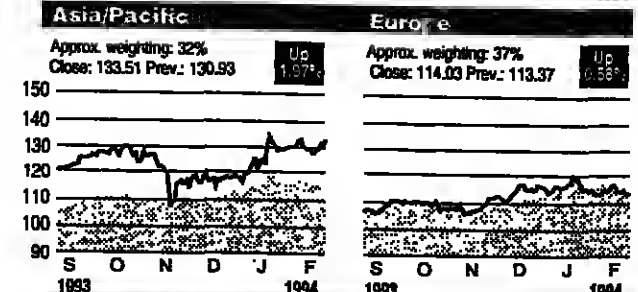
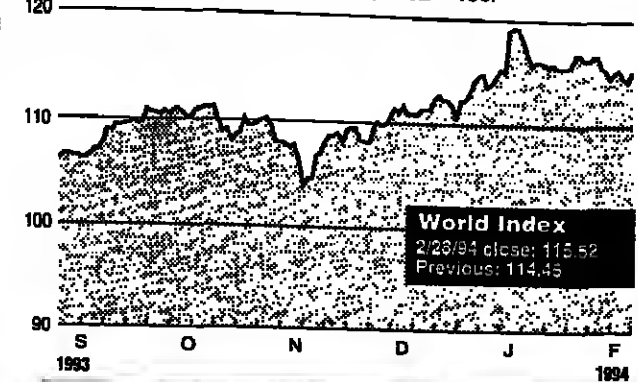
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مكاتب التحصيل



THE TRIB INDEX: 115.52
International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



Industrial Sectors

Sector	Mon. Close	Prev. Close	% Change
Energy	112.45	111.82	+0.74
Utilities	126.01	124.09	+1.55
Finance	121.37	120.13	+1.03
Services	124.01	122.80	+1.15
Capital Goods	113.42	112.38	+0.93
Raw Materials	120.24	119.06	+0.99
Consumer Goods	100.32	99.87	+0.45
Miscellaneous	131.22	128.94	+1.77

Wharf, STAR TV Part Ways

Murdoch Network Recasts Its Ties

Compiled by Our Staff From Dispatches

HONG KONG — STAR TV, Rupert Murdoch's Asian satellite network, said Monday that it was abandoning a disputed arrangement to supply pay-television programming to Hong Kong's first cable company.

STAR TV said it had "reluctantly" come to the conclusion "it could not press on with a contentious deal that it initiated in June 1993 to feed four premium channels to Wharf Cable Ltd."

"We are hopeful that by taking this action, the whole issue will be looked at in a less contentious manner," said Gary Davey, STAR TV's chief executive. "It is very unfortunate that the Hong Kong public will not now be the first recipients of our own pay services."

Wharf Cable has argued that it had no binding agreement with STAR TV for the pay channels, and it announced on Jan. 14 that it would go to the courts in a bid to prove its case.

STAR TV, meanwhile, kept feeding the pay TV channels—two for movies, one for children and one for business—to Wharf Cable.

The dispute did not affect five services carried by STAR TV that were offered to Wharf Cable, including MTV Asia and BBC World Service Television.

Analysts said that relations between the two companies had broken down over questions about the quality of STAR TV's programming, as well as its demand for an exclusive agreement that the broadcaster would supply non-Chinese programs.

"Wharf was not pleased with the quality or the exclusive conduit for non-Chinese programs," said Donald Keyser, a media analyst with Credit Lyonnais (Securities).

News Corp., which is controlled by Mr. Murdoch, acquired 63.6 percent of STAR TV in July for \$525 million, while Wharf Cable was launched by one of Hong Kong's biggest companies, Wharf (Holdings) Ltd.

(Bloomberg, AFP)

Fed Turns to Psychology

Intuition Plays a Larger Role in Rates

By Keith Bradsher
New York Times Service

WASHINGTON — The Federal Reserve Board, having dropped its reliance on the money-supply figures that made markets soar or swoon in the 1980s, is increasingly basing interest-rate decisions on an approach best summed up as banker's intuition.

When the Fed's chairman, Alan Greenspan, gave his semi-annual testimony before Congress a week ago, the only section of his written testimony that he did not bother to read aloud concerned money-supply measures such as M-2, which represents the total of cash, checking accounts, savings accounts, certificates of deposit of less than \$100,000 and several other financial instruments.

Top Fed officials said they were putting greater weight on economic indicators ranging from the price of gold and the output of factories to personal anecdotes.

They are also paying more attention to human psychology: notably investors' expectations of inflation, an area that has long exasperated economists who use computer models to predict inflation.

"I get a feel for what I think is going on based on the information — not only the anecdotal

'I'm probably least sensitive to the money figures because I don't know what they mean anymore.'
John P. LaWare, a Fed governor.

information in the press and the statistical information assembled and compiled by the staff here, but also from the general tone of the markets," said John P. LaWare, a Fed governor, who added that he also looked at figures on housing starts, employment and bank loans.

"I'm probably least sensitive to the money figures because I don't know what they mean anymore."

In looking at so many economic indicators at the same time, Fed officials in effect rely on educated hunches of what they should do, rather than following dictates of computer models or a couple of key indicators.

"Policy has become more intuitive over the last year," said David M. Jones, a longtime Fed

watcher at Aubrey G. Lanson & Co. of New York.

The main reason has to do with the discrepancy between what happens with the money supply and what happens in the economy. That is partly a result of the enormous growth of mutual funds, which are left out of the main money-supply measures.

"I came on believing what I had been taught — and taught as a professor — which was M-2," said Lawrence B. Lindsey, a Fed governor and former Harvard economics professor. "I don't think I can use it anymore."

In place of money-supply figures, he said, "we look at a whole raft of variables — we ignore nothing and focus on nothing."

To be sure, Fed officials are not flying the economy by the seat of their pants. Like many private economists, some Fed officials start with computer models that assume that various indicators will signal inflation with the same lags as in the past. For example, rising inflation rates have tended to follow increases in the money supply.

But having concluded that such historical patterns are not always valid, Fed officials are revising computer models to fit

See FED, Page 17

Dollar Tumbles On View Rates Will Not Rise

Compiled by Our Staff From Dispatches

NEW YORK — The dollar tumbled on Monday, the victim of a new perception that U.S. interest rates are not heading higher and of fallout from the weekend meeting of finance officials of the Group of Seven industrial countries. Bundesbank hints of stable German interest rates added to the dollar's woes.

The U.S. currency tumbled to 1.7042 Deutsche marks, a two-month low, compared with 1.7110 Friday. The dollar also slumped to 104.585 yen, from 104.800.

The dollar started its slide when a private-sector survey showed inflationary pressures in the United States were subdued, lessening chances for an interest-rate rise that would increase the dollar's attractiveness to investors.

The prices-paid component of the Chicago Association of Purchasing Management's February index dropped, even though the overall index climbed.

The index is considered a barometer of manufacturing activity. Prospects for an increase in U.S. rates were further dashed by Lawrence Lindsey, a Federal Reserve governor, who said the central bank might not have to raise interest rates soon to keep U.S. inflation at bay.

Mr. Lindsey's comments were seen as an attempt to calm the markets, which are looking for the next Fed move after the central bank pushed up interest rates on Feb. 4 for the first time in five years.

"Markets are being jawbowed into some kind of order after the Fed hiked interest rates," said Jan Amstad, economist at Bankers Trust.

The dollar fell further on comments from Bundesbank President Hans Tietmeyer, who said Germany's money-supply figures should not be used as inflation signals and that caution must prevail when formulating monetary policy.

The comments unsettled traders awaiting this week's German M-3 money-supply report, said David Solin, an analyst with Toronto Dominion New York. Dealers "took this to mean the German M-3 will

See DOLLAR, Page 16

MCI Buys Into Wireless Firm For \$1 Billion

By Edmund L. Andrews
New York Times Service

WASHINGTON — In a move that will speed the rivalry in wireless telephone communications, MCI Communications Corp. said Monday it would invest \$1.3 billion in a fast-growing competitor to cellular telephone operators called Nextel Communications Inc.

MCI, which will buy 17 percent of Nextel, will market that firm's range of digital wireless telephone and paging services under its own brand name and will package them with its existing long-distance service.

The new alliance shores up MCI's one glaring weakness in the communications market, which has been the absence of a wireless capability to match that of American Telephone & Telegraph Co.'s pending purchase of McCaw Cellular Communications Inc. for \$12.6 billion.

Nextel, based in Rutherford, New Jersey, is still a start-up in comparison with McCaw, which is the country's biggest cellular telephone operator. But Nextel acquired radio licenses from Motorola Inc. that put it in a position to reach about 95 percent of the U.S. population.

The new money from MCI will be used to construct networks in more than a dozen big metropolitan areas.

An Emerging-Market Wizard

By Saul Hansell
New York Times Service

NEW YORK — In 1988, Nicolas Rohatyn asked J.P. Morgan & Co. to bring him back from Tokyo to run its small Latin American debt department that sold the defaulted loans that Morgan and other banks had made to developing countries.

Today, that department has branched out to include emerging markets in Asia and Eastern Europe as well as in Latin America. And it has grown from seven people to 200, who now underwrite, trade and sell securities, as well as loans.

Few areas of the financial world are as hot as the emerging markets, and Morgan's department is one of the largest and most successful on Wall Street — as well as one of the most profitable units at Morgan.

The department's revenue in the Sri Lanka's exchange shows small can be good. Page 19.

There are a lot of good firms getting into this business, but J.P. Morgan, along with Salomon Brothers, stands above the rest," said Rob Citron, the manager of Fidelity's New Markets Income fund, which has more than \$400 million invested in emerging-market bonds.

Mr. Rohatyn's greatest accomplishment was to force the explosion of investor interest in the emerging markets.

Using the bank's penchant for taking large trading positions, Mr. Rohatyn was able to offer the liquidity demanded by early speculative investors. Then, as tradition-

See ROHATYN, Page 17

Thinking Ahead / Commentary

Britain's Head-in-the-Sand Diplomacy

By Reginald Dale
International Herald Tribune

WASHINGTON — It is a sad quirk of history that the closer Britain gets to linking itself to the Continent via the Channel Tunnel, the more insular it seems to become.

The governing Conservative Party is currently going through extraordinary contortions to avoid being tarred with the slightest trace of Europeanism in the campaign for this summer's European Parliamentary elections — to the extent that one cabinet minister has even said the Conservatives' Euro-campaign will be based on "keeping Britain British."

Much of the country's political and intellectual elite has surrendered to a stupefying nihilism towards Europe. But Prime Minister John Major, in Washington this week to mend fences with President Bill Clinton, will be deluding himself if he thinks the U.S. relationship can provide an alternative.

Mr. Major is, by British standards, moderately pro-European. He was courageous in pushing the Maastricht Treaty on European Union through Parliament last summer.

But, like many of his compatriots, he regards "vision" as a dirty word. He is the ultimate short-term thinker. As President Jacques Delors of the European Commission has aptly observed, Mr. Major's views on Europe are marked by an "intellectual vacuum."

Britain's contribution to the EU is now almost entirely negative. The past 18 months have seen a limp and self-centered British Presidency, the pound's ejection from the European Monetary System's exchange-rate mechanism, British threats to create a European crisis if the Uruguay Round failed, patronizing British lectures on the idleness of the Continentals' attempts at monetary

union; and constant bad blood over Britain's opt-out from the Union's social policy.

The only European ideas that are not attacked from London are those that Britain hopes will further sabotage the cause of closer integration — notably the admission of new member states in Northern, Central and Eastern Europe. British policies and British officials are now widely distrusted in Brussels.

Yet, astonishingly, British leaders claim that their view of Europe's future has triumphed. That is wishful thinking.

Astonishingly, British leaders claim their view of Europe's future has triumphed. That is wishful thinking.

umphed. Thanks to the unpopularity of the Maastricht treaty, the rise of European nationalism, currency crises and recession, Britain now believes that the Continent has come round to its own long-held view: that there will never be a United States of Europe, but rather a loose association of nation-states in a glorified free-trade area.

That is wishful thinking. Britain is once again hiding its head in the sand, just as it did when it stayed out of the Bedding Common Market in the 1950s, on the grounds that Continental knavish tricks would not work and that Britain was better off sticking to its traditional ties with the English-speaking world.

Now Britain's ostrich posture has led it to the fallacious conclusion that because the EU

is currently in trouble it will never integrate further.

It is by no means a foregone conclusion that the EU's further enlargement will water the Union down to suit British tastes. The British may be surprised by the federalist aspirations of new members in Central and Eastern Europe — and by the extent to which a bigger union will overwhelm the national sovereignty of individual states.

Moves to economic and monetary union may have slowed, but they are not dead. Business, which has long been a powerful motor of European integration, still wants a common currency. The Continental visionaries whom Britain so despises have not given up.

But the English-speaking option is not available any more. The importance of the Commonwealth is fast fading, and the United States wants to see Britain more, not less, involved in Europe. Britain would actually increase its influence in Washington if it played a more constructive role in European integration.

Washington would prefer to deal with a European Union that speaks with one voice; failing that, it is likely to continue to pay more attention to Bonn and to Paris than to London.

Dean Acheson's much-resented comment — that Britain had lost an empire but not yet found a role — is truer than ever. Maybe Britain does not want a role — maybe it is just too tired.

But if it does, that role can only be in Europe. And it should be obvious that negative, nationalist attitudes are not the best way to find it. Much better to accept that the sceptered island days are over for good — and make the most of the Chunnel.

CURRENCY & INTEREST RATES

Cross Rates									
	\$	£	DM	FF	Yen	Scd	Swk	Yen	Scd
Amsterdam	1.719	2.895	1.128	1.334	1.127	1.334	1.127	1.334	1.127
Brussels	33.295	32.405	26.575	1.055	1.055	1.055	1.055	1.055	1.055
Frankfurt	1.719	2.895	1.128	1.334	1.127	1.334	1.127	1.334	1.127
London (d)	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401
Madrid	179.64	207.69	81.49	23.95	1.271	23.95	1.271	23.95	1.271
Milan	1,401.00	2,518.65	1,011.15	29.40	1.271	29.40	1.271	29.40	1.271
New York (h)	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401
Paris	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401
Tokyo	140.10	155.00	61.81	17.95	1.271	17.95	1.271	17.95	1.271
Zurich	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401
1 ECU	1.191	0.294	1.034	1.485	1.047	1.047	1.047	1.047	1.047
1 SDR	1.395	0.341	1.297	1.816	1.104	1.104	1.104	1.104	1.104

Eurocurrency Deposits									
	Dollar	DM	Swk	Yen	Scd	Yen	Scd	Yen	Scd
1 month	3 1/2-3 3/4	5 1/4-5 1/2	4 1/4-4 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2
3 months	3 1/2-3 3/4	5 1/4-5 1/2	4 1/4-4 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2
6 months	3 1/2-3 3/4	5 1/4-5 1/2	4 1/4-4 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2
1 year	4 1/4-4 1/2	5 1/4-5 1/2	4 1/4-4 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2	5 1/4-5 1/2

Key Money Rates									
	United States	United Kingdom	Germany	France	Italy	Japan	Switzerland	Spain	Portugal
Discount rate	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Prime rate	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
3-month CDs	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13	3.13
Comm. paper 180 days	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3-month Treasury bill	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
1-year Treasury bill	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.64
2-year Treasury note	5.57	5.57	5.57	5.57	5.57	5.57	5.57	5.57	5.57
3-year Treasury note	6.13	6.13	6.13	6.13	6.13	6.13	6.13	6.13	6.13
10-year Treasury note	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44
30-year Treasury bond	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44	6.44
Merrill Lynch 30-day money market	3.24	3.24	3.24	3.24	3.24	3.24	3.24	3.24	3.24

Forward Rates									
	30-day	60-day	90-day	120-day	150-day	180-day	210-day	240-day	270-day
Currency	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401
Forward rate	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401	1.401

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MARKET DIARY

Blue-Chip Gains Go Up in Smoke

Compiled by Our Staff From Dispatches

NEW YORK — A slide in tobacco stocks pulled the Dow Jones industrial average down in a late slide Monday, but other market gauges closed with modest gains.

The Dow closed down 6.76 points at 3,832.02. The index was

"Maybe we have some folks today in Washington that think they can change human behavior."

The broad market and Treasury bond prices rose as concerns about rising interest rates were shoved to the back burner.

Comments from a Federal Reserve governor and a regional purchasing managers survey showing inflation in check eased fears that U.S. interest rates were headed for an imminent climb. Rate jitters had driven stock and bond prices down last week.

The benchmark 30-year Treasury bond rose 20/32, to 94 24/32, with the yield slipping in 6.66 percent from 6.71 percent Friday.

The broad stock market was underpinned by bargain-hunting after last week's drop. Heavy industrial and auto stocks found favor, with Ford rising 1/2 to 62 1/2 in active trading. General Motors also found its way onto the most-active listed but finished unchanged at \$54.

Kmart added 1/4 to 19 1/4 in active trading despite reporting a loss in the fourth quarter. Investors focused on the reason for the loss, which was to close smaller stores and drop its PayLess Drug and PACE membership warehouse businesses.

In Nasdaq trading, MCI Communications gained 1/4 to 37 1/4 to lead the most-active list. MCI announced a \$1.3 billion investment in Nextel, one of the nation's largest mobile radio companies. Nextel Communications was the second-most-active over-the-counter stock, rising 5/8 to 43 1/4.

(Bloomberg, Knight-Ridder, AP)

N.Y. Stocks

hit by a slide in Philip Morris, which lost 2 1/4 in 5 1/2, after the federal government said it had evidence the tobacco companies deliberately put enough nicotine in cigarettes to keep smokers addicted.

The broader market was able to hold its gains, with advanced edging declines by a 3-to-1 ratio on the New York Stock Exchange in active volume of 256.21 million shares.

Philip Morris and the rival RJR Nabisco, which slipped 3/4 to 6 1/2, topped the New York Stock Exchange's most-active list because the Food and Drug Administration's findings could be legal grounds for the government to reclassify cigarettes as drugs and ban them from the American marketplace.

Philip Morris, the world's largest tobacco company, disputed the FDA's contention. The company said nothing in processing tobacco or making cigarettes increases the nicotine content.

Wall Street analysts raised doubts about whether the FDA would get regulatory control of the cigarette industry. "They tried something like this back in the '20s and called it Prohibition," said Anthony Hindsch, chief investment officer of Handwinye Asset Management.

DOLLAR: Tumbles on Rate View

Continued from Page 15

to fall below the 6.0 percent level, which had been fixed at since mid-November, it may actually result in the rate rising, traders said.

They noted that the current tightness of the money market

Foreign Exchange

could cause banks to bid high to ensure they receive necessary funds.

Sentiment that the lack of an agreement on exchange rates over the weekend by G-7 finance officials could allow the yen to rise also burdened the dollar, said Win Thin, an analyst with MCM CurrencyWatch. The inaction suggests that Japan remains isolated on the issue, and that the other nations are content to back the U.S. stance in seeking a higher yen to offset trade imbalances, he said.

The lack of a statement from G-7 members decrying currency volatility as undesirable, which typically emerges from such meetings, also was taken by traders to mean that

the U.S.-Japan trade deadlock remains a problem.

Amey Smith, an analyst with the IDEA advisory firm, said technical factors also could kick in favoring the yen. "Market attention is undoubtedly focused on the yen, with technical traders now looking for the dollar to 102.30 in the short term," she said.

Analysts said the dollar's weakness could continue through the week because economic data due out are expected to be on the shaky side, reflecting severe winter weather in much of the United States in January and the California earthquake. Employment data for January are due Friday.

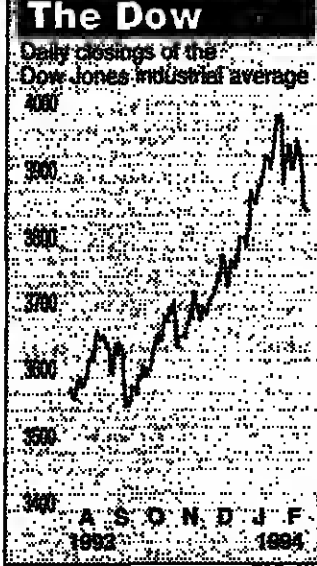
Some position-taking on the last trading day of the month also weighed on the dollar. The U.S. currency slipped to 5.7905 French francs, from 5.8100 Friday, and was stable against the Swiss franc at 1.4259.

The pound, however, slipped to \$1.4855 from \$1.4885.

(Knight-Ridder, Bloomberg, APX)

The Dow

Daily closings of the Dow Jones industrial average



NYSE Most Active

Vol.	High	Low	Last	Chg.
IBM	115.75	115.50	115.75	+0.25
Microsoft	42.50	42.25	42.50	+0.25
Oracle	38.50	38.25	38.50	+0.25
Novell	35.50	35.25	35.50	+0.25
Intel	32.50	32.25	32.50	+0.25
HP	29.50	29.25	29.50	+0.25
Compaq	26.50	26.25	26.50	+0.25
Seagate	23.50	23.25	23.50	+0.25
Western Digital	20.50	20.25	20.50	+0.25
Conquest	17.50	17.25	17.50	+0.25
Maxtor	14.50	14.25	14.50	+0.25
Quantum	11.50	11.25	11.50	+0.25
Hitachi	8.50	8.25	8.50	+0.25
Fujitsu	5.50	5.25	5.50	+0.25
Sony	2.50	2.25	2.50	+0.25
Panasonic	1.50	1.25	1.50	+0.25
Sharp	0.50	0.25	0.50	+0.25
NEC	0.50	0.25	0.50	+0.25
Hitachi	0.50	0.25	0.50	+0.25
Fujitsu	0.50	0.25	0.50	+0.25
Sony	0.50	0.25	0.50	+0.25
Panasonic	0.50	0.25	0.50	+0.25
Sharp	0.50	0.25	0.50	+0.25
NEC	0.50	0.25	0.50	+0.25
Hitachi	0.50	0.25	0.50	+0.25
Fujitsu	0.50	0.25	0.50	+0.25
Sony	0.50	0.25	0.50	+0.25
Panasonic	0.50	0.25	0.50	+0.25
Sharp	0.50	0.25	0.50	+0.25
NEC	0.50	0.25	0.50	+0.25
Hitachi	0.50	0.25	0.50	+0.25
Fujitsu	0.50	0.25	0.50	+0.25
Sony	0.50	0.25	0.50	+0.25
Panasonic	0.50	0.25	0.50	+0.25
Sharp	0.50	0.25	0.50	+0.25
NEC	0.50	0.25	0.50	+0.25
Hitachi	0.50	0.25	0.50	+0.25
Fujitsu	0.50	0.25	0.50	+0.25
Sony	0.50	0.25	0.50	+0.25
Panasonic	0.50	0.25	0.50	+0.25
Sharp	0.50	0.25	0.50	+0.25
NEC	0.50	0.25	0.50	+0.25
Hitachi	0.50	0.25	0.50	+0.25
Fujitsu	0.50	0.25	0.50	+0.25
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Panasonic	0.50	0.25	0.50	+0.25
Sharp	0.50	0.25	0.50	+0.25

French GDP Inches Higher In 4th Quarter

Compiled by Our Staff From Dispatches
PARIS — France announced Monday a better-than-expected growth rate for the final quarter of last year, but household consumption remained weak and unemployment kept on its relentless upward march.

The national statistics institute said gross domestic product climbed 0.2 percent on a month-to-month basis in the fourth quarter, after posting a revised rise of 0.4 percent in the third quarter. There had been widespread predictions that the fourth quarter might be stagnant or even show negative growth.

The institute also released its monthly survey of business optimism for February, which showed that for the first time since 1990 more respondents expected output across industry to grow than to decline.

Economists said a 1 percent rise in business investment and increased housing investment during the fourth quarter had buoyed the uptrend. But the picture was marred by stagnation in household consumption in the fourth quarter after a growth rate of 0.7 percent in the third quarter and a rise of the ranks of the unemployed to a record 3.31 million people in January. The jobless rate was calculated at 12.2 percent in January, unchanged from December, but the number of registered unemployed rose by 4,800.

"The rate of growth was still very low, even if it was the third successive quarter of growth," said Gwyn Hache, economist at James Capel & Co. in London. "Companies continued to destock in the fourth quarter, at a faster rate than in the third, and GDP growth would have been flatter if it hadn't been for higher weather-related energy production."

Ether Baroudy, bond market economist at Credit Lyonnais, said that with "unemployment going up and purchasing power stagnant, it's not surprising" that consumer spending is erratic.

Gross domestic product shrank 0.7 percent during 1993, compared with 1.4 percent growth the previous year. The government has forecast a return to growth of about 1.4 percent this year.

Prime Minister Edouard Balladur said he did not expect a decline in unemployment this year in light of weak economic growth.

(Reuters, Bloomberg)

U.K. Drug Firm Down, but Not Out

Analysts Say Worst of Wellcome's Bad News Has Come Out

By Richard W. Stevenson
New York Times Service
LONDON — Even by the standards of the pharmaceutical industry, which has been buffeted by efforts in the United States and around the world to rein in medical costs, Wellcome PLC has been a dismal investment of late.

But now there are signs that the worst of a long spell of bad news may be past for the British company, which is best known for Zovirax, a medication for herpes, and AZT, the AIDS-fighting drug it sells under the brand name Retrovir.

Moreover, with the stock trading at extremely low levels compared with other pharmaceutical companies, analysts are again recommending it to investors who can stomach short-term volatility in the hope of a long-term gain.

Wellcome closed Monday at 653 pence (\$9.73) in London, up 11 pence on the day. The stock had peaked two years ago at 1,158 pence and has plummeted since then despite the booming equity market, although it is up from its low last fall of 604 pence. The Wellcome Trust, a British medical foundation, owns 344 million shares, about 40 percent of the company. The trust sold 270 million shares in July 1992, giving up majority control, and the stock has been weak since the sale was announced.

Sales of AZT continue to decline, in part because of a study last year that cast doubt on the drug's ability to help patients with the virus that causes AIDS in the early stages of the disease. But evidence of renewed strength in sales of Zovirax in the United States is underpinning the belief among many analysts that the stock can recover.

Zovirax is Wellcome's biggest-selling product, accounting for 43 percent of its prescription-drug revenue in 1993. It dominates the market for treatment of herpes and related conditions, and sales have grown at an annual compound rate of 37 percent since 1985, according to Salomon Brothers Inc.

The rate of growth, however, slipped in the second half of Wellcome's most recent financial year, which ended Aug. 31. After growing about 15 percent in the first six months of the year, the rate slowed to 7 percent in the following six months.

The company blamed the slowdown on one-time anomalies, including a reduction of inventories by wholesalers. But with the drug's patents scheduled to expire in coming years and with a competitive drug, Famvir, being introduced by SmithKline Beecham PLC, the slowdown made investors that much more nervous about the company's prospects.

But now Zovirax sales appear to be rebounding, according to Duncan Moore, an analyst at Morgan Stanley & Co. in London. Sales over the last three months in the United States, the biggest market, have risen about 20 percent, compared with the corresponding period a year earlier, Mr. Moore said, citing data on prescriptions provided by IMS, a drug-sales tracking service of Dun & Bradstreet Corp.

The company confirmed that Zovirax sales seemed to be rebounding in the United States, although it cautioned that pricing pressures might limit the gains in Europe.

"Wellcome has been the worst-performing of the major U.K. drug stocks in a sector that itself has been the worst performing in the U.K. market throughout 1993," a Morgan Stanley report said. "There now appears to be some evidence that the picture is improving, however, and that the next change in estimates will be up rather than down, based on what appears to be improving Zovirax sales."

Noting that Wellcome's stock price is low relative to its earnings, when compared with other pharmaceutical stocks, the report said "the stock looks well oversold and should perform positively in a sector that is unlikely to show any upward movement in the first half of the year."

Peter Laing, Salomon Brothers' London-based analyst, said the "threats to Wellcome have been exaggerated." Mr. Laing estimated Wellcome should be able to maintain annual revenue growth of around 13 percent until 1997. Per-share earnings could grow 12 percent and dividends by 15 percent annually during the period, he said.

But the biggest unknown for Zovirax is whether the United States will allow the drug to be sold in nonprescription forms. A move from prescription to over-the-counter sales could bring large sales increases. A decision from the Food and Drug Administration could come within a year.

Investor's Europe				
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40	Amsterdam AEX	Brussels Stock Index
2408	3500	3400	428.75	7,943.84
2300	3400	3300	415.84	7,900.36
2200	3300	3200	407.25	7,850.00
2100	3200	3100	400.00	7,800.00
2000	3100	3000	392.50	7,750.00
1900	3000	2900	385.00	7,700.00
1800	2900	2800	377.50	7,650.00
1700	2800	2700	370.00	7,600.00
1600	2700	2600	362.50	7,550.00
1500	2600	2500	355.00	7,500.00
1400	2500	2400	347.50	7,450.00
1300	2400	2300	340.00	7,400.00
1200	2300	2200	332.50	7,350.00
1100	2200	2100	325.00	7,300.00
1000	2100	2000	317.50	7,250.00
900	2000	1900	310.00	7,200.00
800	1900	1800	302.50	7,150.00
700	1800	1700	295.00	7,100.00
600	1700	1600	287.50	7,050.00
500	1600	1500	280.00	7,000.00
400	1500	1400	272.50	6,950.00
300	1400	1300	265.00	6,900.00
200	1300	1200	257.50	6,850.00
100	1200	1100	250.00	6,800.00
0	1100	1000	242.50	6,750.00

SE Banken Turns Profit As Problem Loans Shrink

Compiled by Our Staff From Dispatches
STOCKHOLM — Skandinaviska Enskilda Banken said its 1993 operating profit was 357 million kronor (\$45 million), a reversal from a loss of 5.37 billion kronor in 1992.

The commercial bank's loan losses in 1993 totaled 10.1 billion kronor, down from 11.1 billion kronor in 1992. The bank's problem loans, on which no interest or installments have been paid for at least two months, fell 35 percent, to 16.9 billion kronor.

The largest individual loan-loss write-offs were to the real estate concerns Gullstedt, with 600 million kronor, and Cor-

U.S. Courts German and Swiss Firms

By Brandon Mitchener
International Herald Tribune
FRANKFURT — The United States is suing two German and one Swiss company, including several big banks, about listing their shares on the New York Stock Exchange.

Arthur Levitt, chairman of the U.S. Securities and Exchange Commission, said Monday that the SEC was actively courting German and other big foreign companies with listings in New York.

He added that both sides were showing flexibility on key issues involving financial disclosures. "More and more of the companies I talk to are beginning to move their standards closer to something we regard as internationally acceptable," he said, calling German and Swiss companies the slowest to change.

The SEC is willing to simplify its application procedures and be flexible "up to the point of disclosure," which is fundamental to ensuring fair play for individual investors, he said.

His statements came amid growing calls for greater professionalism in German capital markets, including the establishment of a federal securities watchdog agency and concentration of trading activities in Frankfurt, the country's financial capital.

They also reflected the activism of the new U.S. ambassador to Germany, Richard Holbrooke, who said he was determined to help German companies overcome "solvable obstacles" and achieve greater access to U.S. investment capital.

There are currently 594 foreign companies listed on the New York Stock Exchange, but only one from Germany and none from Switzerland.

Daimler-Benz AG, the biggest German company, became the first to list its shares on the New York Stock Exchange last October. Other German and Swiss companies have so far resisted SEC demands that they bare their substantial hidden reserves, according to U.S. accounting standards.

Fred Irlin, president of the American Chamber of Commerce in Germany, said German corporations are increasingly looking to U.S. capital markets not only to raise capital for expansion, but also as a means of boosting their profile in the North American market. Studies show that foreign companies that list in the United States also sell more of their products there, he said.

Mr. Levitt did not name any of the companies with which he was talking, but representatives of

Very briefly:

- Seab Automobile SA posted a loss of 1.37 billion kronor (\$170 million) in 1993, narrowing from a loss of 2.63 billion in 1992; the Swedish automaker expects to show a profit in 1994.
- IBM France plans to turn 2,000 full-time jobs into part-time positions by the end of the year; the move is part of a restructuring that involves 3,000 job cuts and is designed to save 380 million francs (\$100 million).
- W.H. Smith Group PLC confirmed it was discussing a venture combining its Or Price stores with Virgin Group PLC's British and Irish retail businesses.
- Sema Group, a computer company with French and British ownership, earned a net £17.9 million (\$27 million) in 1993, up 30 percent from the £13.8 million earned in 1992.
- Taylor Woodrow PLC, the British construction and real estate conglomerate, is buying Heron International NV's home-building business for £30.8 million.

AFP, AFX, Bloomberg

PolyGram Capitalizes on Motown

Compiled by Our Staff From Dispatches
AMSTERDAM — Boosted by rising U.S. income, PolyGram NV said Monday its net profit rose 21 percent, to 614 million guilders (\$321 million).

The profit was higher than analysts had expected, and PolyGram's shares rose 4.30 guilders, to 77.80. The company plans to raise its dividend to 75 Dutch cents a share from 65.

PolyGram, which is 75 percent owned by Philips Electronics NV, said operating profit in the United States, where the entertainment conglomerate bought Motown Records Inc. last year, doubled. It refused to say how much Motown contributed to sales and profit.

Overall, sales rose 12 percent, to 7.42 billion guilders.

PolyGram said pop music revenue, which accounted for 69 percent of total sales, rose 13 percent.

(Bloomberg, AP, AFX)

ROHATYN: J.P. Morgan Executive Makes the World's Emerging Markets His Home Turf

Continued from Page 15
Mr. Rohatyn is also representative of J.P. Morgan's profound transformation from a commercial bank to a securities firm. During the last decade, this most blue-blooded of American banks has systematically pushed aside a generation of middle-aged executives trained in the now-declining art of lending. Instead of hiring financial advisers and traders from Wall Street, as other commercial banks have done, Morgan has grown a new generation of securities executives, recruited straight out of college and indoctrinated in its sober culture.

Nicolas Rohatyn is very much in the Morgan mold, a focused and intense manager who shuns the bravado and swagger of so many Wall Street traders. Unlike his flamboyant father, Felix Rohatyn, the merger master of Lazard Freres & Co. and the former chairman of New York City's Municipal Assistance Corp., the younger Mr. Rohatyn maintains a deadly serious tone and a low profile.

He tries to play down the importance to his career of his youth — and his patrimony. "The market does not reward me for being my father's son," he said. "It wasn't like I was brought into an existing structure and vaulted to the top. When I started, we had seven people."

Morgan, more than most firms, anticipated how the market would change, with its leading players eventually mulling funds and pension funds instead of speculative hedge funds and rich Latin Americans. Morgan has been among the first to provide these new investors with the sort of detailed research reports they are accustomed to in other markets.

Where Morgan may be at a disadvantage, however, is in underwriting securities issues for Latin American companies. Until recently, Morgan and other banks have been prohibited by the federal government from underwriting securities.

Last year, the bankers who handled stock issues in Mr. Rohatyn's department were combined with Morgan's stock-underwriting division.

Mr. Rohatyn conceded that his group needed to pay more attention to new issues, but Morgan remains a powerful force in research and trading of existing bonds, as well as in the market for nonperforming bank loans.

Still, for Mr. Rohatyn and the emerging-markets business, recent months have been a triumph. The publicity surrounding the North American Free Trade Agreement, which is seen as cementing economic development in Mexico, helped raise investor activity in emerging markets securities to record volumes last year. Total trading volume is estimated to have reached about \$1.5 trillion in 1993, double that of a year earlier. Morgan said its volume more than tripled last year, though it would not disclose specific figures.

Morgan, in fact, is among the first companies to take advantage of the trade pact, applying to open a branch in Mexico City, which it was not allowed to do before the agreement's passage. Mr. Rohatyn plans to send 12 people to the

International Investment Conference, Inc. The 3rd Annual Investing in the Americas® 1994/ Invirtiendo en las Americas® 1994 Mining Investment in Latin America

Sheraton Bal Harbour Resort, Bal Harbour, Florida, April 12-14, 1994
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Latin American mineral resource production (exclusive of oil and gas) exceeds US\$26 Billion annually. The sector equipment purchases exceed US\$2 Billion annually, with committed investment at over US\$5 Billion yearly into the next century. Find out NOW where the region will be in a few years, register early.

A Few of the Program Highlights

One Continent, One Hemisphere and One World: The Future of Latin America Sally Shelton, former Ambassador to Barbados and Grenada, Senior Fellow and Adjunct Professor at Georgetown University (Washington D.C.)

The Sun Shines on Latin America: A Forecast on the Investment Climate Amy Gassman, Vice President, Investment Research Goldman Sachs & Co. (NY), Gerald A. Rothstein, Managing Director, Oppenheimer & Co., Inc. (NY)

Selecting the Right Strategy for Your Company in Latin America Jay Taylor, Exploration Manager, Placer Dome (Santiago)

Canadian Exploration: A Way to Invest in the Emerging Latin American Markets Philip Martin, Partner and Mining Analyst, Gordon Capital Corp. (Toronto)

Privatization: The End of Corruption in South America Pedro Deutsch, Partner, Price Waterhouse (Santiago)

Underwriting Mining-related Risks — Mitigating country and currency risk with U.S. Export-Import Bank, OPIC (Overseas Private Investment Corp.), IFC, World Bank, EBRD, and other public and private insurers. Robin Wade, Managing Director, Political Risks Division, Lloyds broker Colburn, French and Kneen Ltd. (London)

Project Finance Workshop and Privatization Workshop
Speakers: William F. White, Pres., IBK Capital Corp. (Toronto); Pierre Chénard, VP, Corporate Development, Cambior, Inc. (Montreal); Minh Thu Dao-Huy, E.V.P., IBK Capital Corp. (Toronto); Gerald P. McCarrill, Pres. and CEO, Repare Capital Corp.; Raul Otazo, Chairman of the Board, Minero Peru; Lance S. Tigert, Sr. VP, Business Development and Treas., Noranda Minerals, Inc. (Toronto); Thomas Gorman, C.F.O. and Treas., CAMECO Corp.; Herrick K. Lidstone, member, Brennan Raskin & Friedlob

Mining Ministers' Forum The following ministers will lead roundtable discussions about projects offered for foreign investment, new mining regulations, and codes:
Dr. Angel E. Maza, Argentina; Dr. Jaime Villalobos Sanjines, Bolivia; Honourable Shelley Martel, Ontario, Canada; Ing. Alejandro Hales, Chile; Dr. Guido Nule Amin, Colombia; Ing. Marcos Portal, Cuba; Ing. Gerald Marten Ellis, Dominican Republic; Francisco Acosta Coloma, Ecuador; Coy Roache, Jamaica; Ricardo A. Fabrega, Panama; Ing. Daniel Holcama Tolashiqui, Peru; F.R. Demom, Suriname; Dr. Gustavo Cersosimo Michelini, Uruguay

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FED: Banker's Intuition Fills in for Figures When Officials Weigh Interest-Rate Decisions

Continued from Page 15
their assumptions about how the economy works now. They then run the new models to see how the changes affect the models' predictions of future inflation.

Such an approach may seem very orderly. But it all depends on the Fed officials' guess of how past statistical relationships have changed, a guess that is based on a lifetime of experience.

Many monetarist economists in academia believe that money-supply figures remain valuable. They criticize Mr. Greenspan for focusing on a succession of economic indicators in public testimony.

"It's a very dangerous game to play, to drag out whatever indicator is pointing in the right direction," said William Poole, a monetarist at Brown University often cited as a possible future Republican nominee to the Fed.

But Mr. Greenspan appears unmoved. The Fed's monetary-policy committee "will continue to monitor the behavior of money-supply measures for evidence and financial developments more generally, but it will still have to base its assessments regarding appropriate policy actions on a wide variety of economic indicators," according to Mr. Greenspan's written, but unrecorded, testimony last week.

The most important consideration for the Fed these days appears to be investors' expectations of inflation, which are reflected to some extent in long-term interest rates and commodity prices.

Short-term changes in prices may depend on how much slack is available in the economy to accom-

modate surges in demand, but over the longer haul, "the rate of price change depends crucially on price expectations, and not on the degree of slack," Mr. Greenspan told the Joint Economic Committee of Congress on Jan. 31.

Long-term interest rates tend to vary with these expectations. And the success of the Fed's interest-rate policy, Mr. Greenspan said last week, should be judged by whether it holds down these long-term rates. The Fed has no direct control over long-term rates but does control short-term rates. In theory, it can pull down long-term rates by pushing up short-term rates.

The Fed pushed up rates for overnight loans between banks by a quarter of a percentage point on Feb. 4. Long-term rates, however, have risen by more than a third of a percentage point since then. This has surprised and dismayed Fed officials.

"I had thought that a move by us at that time would be more likely to stabilize or maybe even bring down the long-term rate," Mr. LaWare said.

Mr. Greenspan said the rise in long-term rates did not reflect the Fed's move on short-term rates. Instead, he said, long-term rates rose because of subsequent economic reports that investors misinterpreted as signs that the strong economic growth in the fourth quarter of last year would continue this year and rekindle inflation.

Many Wall Street analysts say the Fed now focuses overwhelmingly on prices for gold and other commodities in setting short-term interest rates. Mr. Greenspan seemed to lend support for this view Tuesday, when he told the

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Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

[illegible][illegible]

12 Month High Low Stock		Div	Yld	PE	SB 100s	High	Low	Latest Cr
74	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
75	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
76	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
77	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
78	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
79	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
80	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
81	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
82	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
83	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
84	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
85	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
86	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
87	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
88	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
89	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
90	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
91	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
92	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
93	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
94	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
95	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
96	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
97	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
98	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
99	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00
100	100.00	1.00	1.00	10.00	100.00	100.00	100.00	100.00

12 Month				Div	Yld	PE	Ss Ratio	High	Low	Latest
High	Low	Stock								
100	90	80	70	1.45	20	10	10	100	90	80
110	100	90	80	1.70	20	10	10	110	100	90
120	110	100	90	1.80	20	10	10	120	110	100
130	120	110	100	1.70	20	10	10	130	120	110
140	130	120	110	1.70	20	10	10	140	130	120

Date	12 Month		Div	Yld	PE	52 Wk High	52 Wk Low	Volume
	High	Low						
10/26/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
10/27/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
10/28/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
10/29/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
10/30/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
10/31/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/01/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/02/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/03/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/04/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/05/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/06/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/07/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/08/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/09/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/10/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/11/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/12/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/13/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/14/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/15/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/16/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/17/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/18/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/19/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/20/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/21/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/22/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/23/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/24/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/25/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/26/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/27/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/28/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/29/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
11/30/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100
12/01/91	102 1/2	102 1/2	1.25	2.2	18	102 1/2	102 1/2	100

HSBC Pr
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Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	

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Surge Led by As

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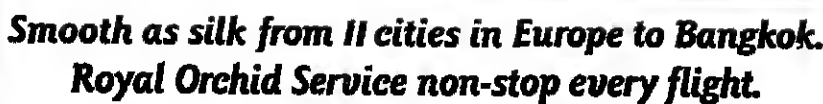


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1. The first part of the document is a letter from the President of the United States to the Congress, dated January 1, 1861. It is a formal address, and it begins with the words "My countrymen, in this new year, I have the honor to address you." The letter is a long one, and it covers a wide range of topics, including the state of the Union, the progress of the government, and the future of the country. It is a very important document, and it is one of the most famous speeches in American history.

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NYSE
Monday's Closing



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HSBC Pr
Surges 48
Led by As

Indian Tax Cut To Aid Growth

NYSE
Monday & Tuesday

HSBC Profit Surges 48%, Led by Asia

By Kevin Murphy

HONG KONG — HSBC Holdings PLC, the parent company of Hong Kong & Shanghai Banking Corp., said Monday its profit surged 48 percent last year, to £1.81 billion (\$3 billion). But it warned that 1994 could be more difficult in key growth areas.

Led by strong growth in its traditional Asian markets, a \$468 million — or 75 percent — increase in trading profit, and a successful integration of Midland Bank, which it took over in 1992, the 1993 results exceeded expectations of the company and most analysts.

"As we look ahead, we expect our business to benefit from continued growth in Asian economies and recovery in the U.K. and U.S.," said Sir William Purves, chairman of HSBC Holdings, with £206 billion in assets that make it one of the world's largest banks.

"However, with interest rates at or near the bottom of the cycle, it is unlikely that conditions in the Treasury and capital markets in 1994 will be as favorable as those in 1993," Sir William said.

The company earned 59 percent of its pretax profit in Hong Kong, where it has long been a pillar of the colonial establishment and is the largest stock in the Hang Seng in-

dex. The Asia-Pacific region contributed 75 percent to the overall result.

The Americas, where the company owns Marine Midland Bank and the Hongkong Bank of Canada, remained an unprofitable area.

The overall results helped pull the Hang Seng index up 309.0 points, or 3.07 percent, Monday.

The stock market had been pummeled recently by concern about rising U.S. interest rates and a dispute between Britain and China over the pace of democratic reform.

John Gray, chairman of the locally incorporated Hongkong Bank that oversees most Asian operations, voiced some caution about the risks inherent in the local property boom.

But the situation has not reached dangerous levels seen in previous boom-bust cycles.

"If you look at key measures such as the affordability ratio, it is at a much lower level than 1982, the start of the last property crash," Mr. Gray said, referring to the proportion of household income required to cover mortgage payments.

"It is reasonably comfortable with size and quality mix of the bank's loan portfolio," he said. "It's not something I lose too much sleep over, but it is something that needs to be watched closely."

They're Bullish in Sri Lanka

Tiny Stock Exchange Winning Respect

By Edward A. Gargan

New York Times Service
Hidden in the Indian Ocean like a verdant dollop dripping from the southern coast of tropical India, Sri Lanka has lingered in geographical and economic obscurity.

It is a land that lures European tourists, is fighting a vicious but relatively contained civil war, and has quietly managed to attract interest from foreign investors and financial institutions.

Since the beginning of the year, the Colombo Stock Exchange — tiny by global standards, to be sure — has soared. Before last week, it had been outperforming markets in every other country except Brazil. Then, on Wednesday, the Sri Lankan all-shares index hit an all-time high of 1,373.48 and the market became the world's leading gainer for the year. The market has risen more than 350 points in three months.

Political stability, which appears to have been enhanced following the assassination of the former president last May, and the most sustained economic growth in South Asia have made Sri Lanka a lucrative investment with considerable potential, according to many analysts.

"A lot of investors are coming into the market," said Thilani Wijesinghe, director of research at Asia Stock Brokers Pvt., a brokerage in Colombo. "We saw the first Sri Lankan country fund last year," he said in reference to the Regent Sri Lanka Fund Ltd., managed in Hong Kong. "It raised a total of \$25.6 million in November and one reason for the rise in the market was that the fund was investing. And then a lot of retail investors got into the market."

Far freer than the regional markets in India, particularly Bombay's, and in Karachi, the Colombo exchange has prospered in a small, and until now unnoticed, fashion.

Gone forever, it seems, are the controls and state ownership that characterized the socialist policies

of the 1970s. Foreign investment in manufacturing, once discouraged, is now wooed; and with a literacy rate approaching 90 percent, Sri Lanka has the most educated workers in South Asia.

Still, the country is tiny and the Colombo exchange has one of the smallest capitalizations of emerging market exchanges in the world, about \$3.6 billion, up from \$1.8 billion in December.

But as Mano Titawella, manager of research at HDF Securities Pvt., a Colombo investment firm, put it, "Daily trading volume is now at \$8 million. It's small by any other standard, but in December it was \$2 million."

Such tiny turnover leads many analysts to ignore Sri Lanka. A few foreign analysts, however, believe that Sri Lanka, if not yet of age, is rapidly warranting attention. Nigel Rendell, a market strategist at James Capel & Co., cites "a fairly stable political environment, fairly strong growth — 6 percent GDP growth is the minimum this year if things hold together. There is also the possibility that if they manage to sort out the war with the Tamils, growth could be in double digits." The Tamils are the ethnically-based, northern rebel movement.

In Colombo, brokers and analysts are confident that there is no way to go but up. Mr. Wijesinghe even believes Sri Lanka's size works to its advantage. "Our smallness in itself proved to be an advantage," he said. "Fund managers might have 2, 3, 4 million in the Sri Lankan market. So people leave their money here instead of moving it out like happened in Bangkok or Kuala Lumpur. And new money was coming in."

Foreign analysts said Sri Lanka was moving forward faster than other markets in South Asia.

"From a foreign perspective," Mr. Rendell of James Capel said, "We like the manufacturing sector. We like the construction sector. The service sector also seems to be growing, and the tourist sector is booming."

Key Japan Indexes Show Gains

Bloomberg Business News

TOKYO — Numbers released Monday may portend some relief for the Japanese economy, but officials are wary of predicting that recovery is under way.

What they say without hesitation is that recovery, when it does come, is not going to be spectacular.

Output from Japan's crucial manufacturing sector rose a seasonally adjusted 0.9 percent in January, the Ministry of International Trade and Industry said.

Average household spending rose 0.4 percent in December, and housing starts — the only consistently strong indicator recently — surged 20.7 percent in January.

"All the numbers released today were stronger than expected," Chris Calderwood, economist at Barclays de Zoete Wedd, said. "It's too early to rule out a relapse, but it's entirely plausible that October and November may have been the trough."

The increase in industrial output, while small, may mean that the manufacturing industry began to turn around in October, when production fell a record 5.5 percent. January's rise followed a 2.2 percent increase in November and a 1.9 percent drop in December. It appears that industrial production hit its bottom in October.

This is encouraging for the economy because recovery will only come to Japan if its core industrial sector revives significantly.

MITI forecast that production would increase for the next two months at least. It said it expected production to improve 2.6 percent in February and 3.4 percent in March. That would put production for the first quarter in positive territory for the first time in a year.

Koichi Yoshimoto, a ministry official, said that it was still too early to say whether Japan's factories were rebounding.

"The sign that it could have bottomed out will have to wait until next month, when April's forecast comes out," he said.

Companies often increase production during February and March to window-dress figures for their accounting books for the end of the fiscal year in March.

Indian Tax Cut To Aid Growth

Reuters

NEW DELHI — India on Monday cut corporate taxes, import duties and interest rates to spur sluggish industrial growth and bolster its economic reform program.

Finance Minister Manmohan Singh, architect of the country's year-long liberalization program, cut the minimum lending rate by one percentage point, to 14 percent, and reduced corporate taxes for Indian companies to 40 percent from more than 50 percent.

Mr. Singh said that because of strong currency inflows into India, the country would repay early \$1.4 billion owed to the International Monetary Fund.

China Admits '94 Targets Hard to Meet

Agence France-Press

BEIJING — China's growth and inflation targets for 1994 may turn out to be unachievable "ideals," the State Statistical Bureau said Monday, as it released data showing the country's rapid but inflationary growth last year.

China's gross domestic product grew 13.4 percent last year, to 3.14 trillion yuan (\$361 billion), the highest rate since 1985, while industrial output totaled 1.41 trillion yuan, up 21.1 percent from 1992, according to the statistics bureau director, General Zhang Sai.

Warning that a dramatic drop in growth — like that accompanying the three-year austerity drive launched in 1988 to cool the economy — would have harmful effects, General Zhang said government targets of a maximum 10 percent

for 1994 inflation and of 9 percent for gross domestic product growth were "only ideals."

General Zhang said the main problems facing the economy were steep price rises, excessive fixed-asset investment and bottlenecks caused by the failure of public works to meet demands of high growth.

Investment in fixed assets jumped 50.6 percent last year, over 1992, to 1.18 trillion yuan. The amount of money in circulation soared 35.3 percent, to 386.5 billion yuan, fueling retail price increases of 13 percent nationally.

The cost of living rose 14.7 percent nationwide, with the rate for the 35 biggest cities at 19.6 percent, compared with 13.7 percent in the countryside, the bureau said.

But General Zhang noted that per capita income had on the whole

kept ahead of inflation, with real increases of 10.2 percent in cities, 2.337 yuan, and 3.2 percent in rural areas, to 921 yuan.

However, he acknowledged, rapidly increasing prices had "led to the decline of living standards in some households."

Direct foreign investment continued to soar, with \$110.9 billion contracted, up 90.7 percent, and \$25.76 billion used, up 130 percent, the bureau said.

Exchange-Rate Success

The Bank of China's president, Wang Xuebing, said the unification of China's exchange rate had been successful and there would be no major changes in the yuan rate for the foreseeable future, AFP-Extel News reported.

The bank's foreign exchange set-

lement business has not been affected by unification, Mr. Wang said, adding that hard-currency earners, mainly foreign trade firms, had sold all their foreign exchange certificates to the bank to line up with state regulations.

China unified its exchange rate on Jan. 1, replacing a two-tier system that involved an official rate far lower than that obtainable on its foreign-exchange swap markets.

Herald Tribune

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NYSE

Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month High Low Stock Div Yld PE 100s High Low Latest Close

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SPORTS

Minnesota Hands Indiana Worst Loss in 89 Years

The Associated Press
Bob Knight didn't throw or kick anything. He didn't rant or rave. He knew it wouldn't have done any good.

No. 12 Indiana suffered its worst loss in Knight's 22 years as the university's basketball coach when the Hoosiers were pummeled, 106-56, by No. 20 Minnesota in a nationally televised game in Minneapolis on Sunday.

Although showing remarkable restraint, for him, Knight did occasionally wince, slump or put a hand over his eyes.

Indiana hadn't seen anything like it in 89 years, not since a 66-12 defeat at Ohio State on March 12, 1905.

"The game was over after about 10 minutes," Knight said. "They did the things they're capable of. There are some things that happened early in the game that just eliminated us."

Knight's worst previous loss at Indiana was an 83-52 defeat at Michigan in 1986.

The Hoosiers (17-6 overall, 10-4 Big Ten) had a three-game winning streak ended, while the Gophers (19-9, 9-6) halted their two-game losing streak quite easily.

Indiana trailed, 25-19, with 10:07 left in the half, then unraveled. Minnesota launched runs of 13-0 and 15-3 en route to scoring 31 of the final 36 points of the period for a 56-24 lead.

"Nobody can predict a game like this," said Randy Carter, a Minnesota forward, who scored 10 points. "But we got beat by 46 at Bloomington once and that always stuck in the back of our minds."

Voshon Lenard had a career-high 35 points on 13-of-17 shooting. The Gophers set a school record with 32 assists, made 11 3-point shots—another team high—and shot 64 percent in their biggest Big Ten victory. Six Minnesota players scored in double figures.

The second half was no better for the Hoosiers. Minnesota opened with consecutive dunks, by Lenard and David Grum, then sank five quick 3-pointers.

Damon Bailey scored 10 of Indiana's first 12 points, but finished with just 13 and sat out the second half. He was the only Hoosier in double figures.

No. 2 Duke 59, No. 8 Temple 47: In Durham, North Carolina, senior swingman Grant Hill became the third member of Duke's back-to-back national championship teams to have his jersey retired, then got 13 points, 8 rebounds and 8 assists as the Blue Devils won their 88th consecutive game at home against a nonconference opponent.

A "33" jersey was presented before the game to Hill, the eighth basketball player in school history to receive the honor. The other members of the 1991 and '92 championship teams with their numbers retired are Bobby Hurley and Christian Laettner.

Antonio Lang had 16 for Duke (21-3), which won its fourth straight.

Temple (20-6), which closed its regular season with consecutive losses, was led by Derrick Battie's 14 points.

No. 7 Kentucky 80, Georgia 59: The Wildcats (22-5, 11-3 South-

eastern Conference), playing at home, ran off 18 straight points to open the second half, 14 off nine consecutive turnovers by Georgia (12-14, 6-8).

That averaged a 94-90 overtime loss at Georgia and put Kentucky into a first-place tie with Florida in the SEC Eastern Division. Those teams play Wednesday night in Lexington.

For the game, Kentucky scored 46 points off 29 turnovers by the Bulldogs. Tony Delk led Kentucky with 22 points, while Shandon Anderson had 15 for Georgia.

George Washington 77, No. 11 Massachusetts 66: Yinka Dare and Kwame Evans scored 24 points apiece and host George Washington (16-9, 8-7 Atlantic 10) kept alive its NCAA tournament hopes with its seventh straight victory. Massachusetts (23-6, 13-2) had won four in a row.

No. 18 Syracuse 82, St. John's 81: Lawrence Moten scored 24 points, sinking two free throws

with 21 seconds left in Madison Square Garden, as Syracuse (19-5, 11-5) took over second place in the Big East, a half-game ahead of Georgetown and a game in front of Boston College. Connecticut has clinched the regular-season title at 14-2.

It was the fourth loss in a row for St. John's (11-14, 5-11), but the Redmen made it close by rallying from a 12-point halftime deficit. Charles Minlend had 24 of his 28 points in the second half for the Redmen.

No. 22 Marquette 70, DePaul 62: Senior Jim McIlwaine, who helped Marquette reconstruct its on-again-off-again basketball program, led the Warriors (20-7, 10-2) to their first Great Midwest Conference title by scoring 23 points and blocking six shots in Milwaukee.

DePaul (15-9, 3-7), which lost for the fifth straight time to Marquette, was led by reserve guard Belefia Parks, who had 14 points.

The Warriors posted their first consecutive 20-victory season since 1981-82.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division

W	L	Pct	GB
New York	22	.625	1
Orlando	22	.625	1
Atlanta	21	.579	6 1/2
Charlotte	20	.545	7 1/2
New Jersey	20	.545	7 1/2
Philadelphia	19	.545	8 1/2
Washington	18	.500	9 1/2

Central Division

W	L	Pct	GB
Chicago	20	.545	1
Cleveland	20	.545	1
Indiana	19	.500	1 1/2
Charlotte	18	.500	2 1/2
Atlanta	18	.500	2 1/2
Washington	17	.476	3 1/2

WESTERN CONFERENCE

Midwest Division

W	L	Pct	GB
Houston	20	.545	1
San Antonio	19	.500	1 1/2
Utah	19	.500	1 1/2
Denver	18	.476	2 1/2
Minnesota	18	.476	2 1/2
Dallas	17	.429	3 1/2

Pacific Division

W	L	Pct	GB
Seattle	19	.500	1
Phoenix	19	.500	1
Portland	18	.476	1 1/2
Golden State	18	.476	1 1/2
LA Lakers	17	.429	2 1/2
Sacramento	17	.429	2 1/2

SUNDAY'S RESULTS

Charlotte	81	Orlando	72
Orlando	72	Atlanta	72
Atlanta	72	Charlotte	72
Charlotte	72	Atlanta	72
Atlanta	72	Charlotte	72
Charlotte	72	Atlanta	72

THE AP Top 25

Rank	Team	Record
1	Arkansas	59-1
2	Duke	59-1
3	Michigan	59-1
4	Connecticut	59-1
5	North Carolina	59-1
6	Michigan State	59-1
7	Kentucky	59-1
8	Arizona	59-1
9	Purdue	59-1
10	Laurelito	59-1
11	Massachusetts	59-1
12	Temple	59-1
13	Kansas	59-1
14	Syracuse	59-1
15	UCLA	59-1
16	San Jose State	59-1
17	Indiana	59-1
18	Minnesota	59-1
19	Florida	59-1
20	California	59-1
21	Oklahoma	59-1
22	Marquette	59-1
23	Marquette	59-1
24	Ala-Birmingham	59-1
25	Penn	59-1

HOCKEY

NHL Standings

EASTERN CONFERENCE

Atlantic Division

W	L	T	Pts	GF	GA
NY Rangers	31	18	4	82	112
New Jersey	32	9	73	218	169
Washington	31	24	4	64	200
Philadelphia	29	30	4	62	229
Quebec	24	32	8	202	215
NY Islanders	24	29	4	58	207
Tampa Bay	33	8	4	54	168

Central Division

W	L	T	Pts	GF	GA
Boston	33	19	11	77	175
Montreal	32	22	8	71	213
Pittsburgh	30	20	12	72	222
Buffalo	31	24	7	67	211
Quebec	24	32	8	202	215
NY Islanders	24	29	4	58	207
Tampa Bay	33	8	4	54	168

WESTERN CONFERENCE

Central Division

W	L	T	Pts	GF	GA
Detroit	32	20	8	79	272
Toronto	31	19	11	77	209
Dallas	34	18	8	74	253
St. Louis	32	8	7	70	201
Chicago	29	27	6	68	187
Minnesota	17	46	7	41	167

Pacific Division

W	L	T	Pts	GF	GA
Calgary	22	28	18	74	293
Vancouver	28	22	8	61	212
San Jose	24	25	15	175	209
Anaheim	24	25	15	175	209
Los Angeles	23	26	16	204	234
Edmonton	17	32	10	118	229

SUNDAY'S RESULTS

Boston	2	1	1
Chicago	2	1	1
NY Islanders	2	1	1
NY Islanders	2	1	1
NY Islanders	2	1	1
NY Islanders	2	1	1

THE AP Top 25

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7	Kentucky	59-1
8	Arizona	59-1
9	Purdue	59-1
10	Laurelito	59-1
11	Massachusetts	59-1
12	Temple	59-1
13	Kansas	59-1
14	Syracuse	59-1
15	UCLA	59-1
16	San Jose State	59-1
17	Indiana	59-1
18	Minnesota	59-1
19	Florida	59-1
20	California	59-1
21	Oklahoma	59-1
22	Marquette	59-1
23	Marquette	59-1
24	Ala-Birmingham	59-1
25	Penn	59-1



The Magic's Shaquille O'Neal was whacked on the knee, but the Hornets hurt more by game's end.

'Rookie' Wilkins In Smashing Debut

The Associated Press

It might have been a storybook debut for Dominique Wilkins, but for the fact that the Seattle SuperSonics and the Los Angeles Clippers are on different pages.

The Sonics broke a tie with Houston for the best record in the National Basketball Association with a 122-118 victory Sunday over the Clippers, who are in last place in the Pacific Division.

Shawn Kemp had 27 points and 14 rebounds, Kendall Gill scored 23 points and Gary Payton 21 as Seattle overcame Wilkins' 34 points in his first NBA game in a uniform other than that of the Atlanta Hawks. Ron Harper made his first eight shots—five of them 3-pointers—and finished with 27 points for the Clippers.

"I'm glad he got off on the right foot like that," Loy Vaught, a forward for the Clippers, said of Wilkins, who was traded for Danny Manning on Thursday.

Wilkins was initially unhappy about leaving the first-place Hawks for the last-place team Clippers, but he did his best to make a good first impression.

"Life is full of changes, and you've got to make the best of the changes," he said. "Actually, I think this change was the best for my career. I really believe that. Sometimes, when you're in a place for so long, they don't appreciate you as much because they see you all the time. Sometimes a change may enhance your career."

The Clippers, who tied a club record with seven 3-point baskets,

NBA HIGHLIGHTS

led by 93-84 in the third quarter before the Sonics rallied with a 14-4 run for a 98-97 lead at the end of the period.

The lead changed hands six times in the fourth quarter before Delf Schrempf's 3-pointer put Seattle ahead 114-113 with 3:18 left.

The Clippers had a chance to tie in the final seconds, but Kemp rebounded Mark Jackson's 3-point attempt with 4.8 seconds left and made one of two free throws to complete the scoring.

Trail Blazers 104, Nuggets 97: Portland won its sixth straight and handed Denver its 20th defeat in 28 road outings as Clyde Drexler scored 22 points and Rod Strickland had 19 points and 12 assists.

Mahmoud Abdul-Rauf led all scorers with 28 points and rookie Rodney Rogers had 18, with four 3-point field goals, for the Nuggets.

Buck Williams had 12 points and 11 rebounds for the Blazers, but with 9:58 left he was fouled in the mouth by Denver center Dikembe Mutombo, who was called for a flagrant foul. Williams required five stitches in his lower lip and did not return to the game.

Lakers 100, Celtics 97: Los Angeles extended Boston's franchise-record losing streak to 12 games behind Wade Davis' 28 points, his 13 rebounds and his short bank shot with 2.5 seconds left.

Suns 92, Knicks 78: After All-Star forward Charles Barkley and Charles Oakley were ejected, Kevin Johnson took over in the fourth quarter as Phoenix won its ninth straight at home and handed New York its fourth consecutive loss.

With 45 seconds left in the first half, Barkley slapped Oakley, who missed a swing in response, resulting in the ejection of both players.

Johnson finished with 29 points and Patrick Ewing hit 29 points and 17 rebounds for New York, which shot just 36 percent from the field. The Knicks now lead the Atlantic Division by two games over Orlando after having a 74-game advantage on Feb. 6.

Magic 114, Hornets 103: Shaquille O'Neal shook off a sore knee to finish with 21 points, 11 rebounds and five blocks as Orlando won its seventh straight by defeating Charlotte.

The loss was the fifth straight and 13th in 14 games for the visiting Hornets, who were led by Dell Curry with 26 points.

Timberwolves 107, Warriors 100: Minnesota snapped a five-game losing streak behind Isaiah Rider's 25 points. Visiting Golden State, despite Chris Webber 32 points and 16 rebounds, lost its third straight game after winning six in a row.

DENNIS THE MENACE

TELL MY TEACHER TO BRING THE CLASS TO OUR HOUSE TODAY AND WE CAN STUDY HERE IN MY ROOM...

"ALWAYS BE CAREFUL WHEN YOU'RE THROWING SNOWBALLS AT A GIRL. YOU COULD MISS AND HIT A DOG."

JUNBLE

HASAW

ALLIV

SCETOK

JOOSUY

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Yesterday's: _____

Answers: _____

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PEANUTS

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SPORTS

The Olympic Games: Not Just Surviving but Better Than Ever

By Ian Thomsen

International Herald Tribune

LILLEHAMMER — The truth about the Olympics is that they are almost impossible to ruin. The ingredients going into the 17th Winter Games as they began Feb. 12 were out of the makings of a gourmet athletic experience.

Basically, you had Tonya & Nancy. You had the U.S. Olympic Committee protecting Nancy Kerrigan like a parent and trying to smother Tonya Harding before she had been implicated by anybody. When she was implicated by her former husband, it was too late to believe in the committee's judgments of judges.

ment. So you had nobody trusting anybody, and everybody being a busybody.

The Tonya-Nancy thing became television opera, profitable and monstrous, and credible because the performers were driven by the ideal of the Olympic gold medal. They were the best actors the theater has ever known, unaware as they clearly were of the irony they created. They didn't act like actors, which is difficult to find these days. They were like Elizabeth Taylor and Richard Burton that way.

As expected, it produced record television

ratings, to the United States and elsewhere. What we didn't expect, what we should have expected, was that the whole mini-series ultimately became irrelevant, as most TV shows do.

What began as the Tonya & Nancy Olympics turned into the Olympics That Ate Tonya & Nancy. This happened without any special effort on the Olympics' part. Nancy finished second, and you can argue that she was robbed, but the overwhelming likelihood is that if anybody was ever going to get preferential judgment it was going to be Kerrigan. Just as Tonya Harding supposedly was going to be buried by the judges.

In neither case did it happen. If either of them had produced a charisma worthy of their hype — and the one who came closest to doing that was Tonya; wasn't it great how she was able to stop crying the moment the judges allowed her two minutes to tie her shoe? — then the judges might have been swayed emotionally. In fact, the Olympics proved it was bigger than the both of them, as if we ever should have doubted that. For Nancy to skate the way she did that first night was the makings of a champion. But the Tonya flak had designed to make her more than an Olympic champion — had Nancy won the gold medal she would have become a huge idol for an outrageously wrong reason — and the confin-



On to Nagano: A Japanese princess was part of the ceremonies closing the Games in Norway.

In an era when those in charge of the world's most symbolic event are tempted by more money than Pierre de Coubertin ever could have imagined, the Olympics are still about the most basic of human glories.

ing pressures seemed to limit her, allowing a 16-year-old without mother or father to dance past her as if Kerrigan was standing still.

The Olympics will reappear in three summers. Atlanta cannot match the culture and history of its two European predecessors, Barcelona and Lillehammer. The first example of Atlanta's approach was its unveiling of the Olympic mascot, the chameleon ability to sell soft drinks and copy machines.

Will the next opening ceremony become nothing more valid than an extended Super Bowl halftime show, espousing the American Dream with the hope that it will convince you to buy more Coca Cola? In the fresh memory of what might well have been the two finest Olympic Games ever known, the answer seems to be that the performances themselves will survive Atlanta perfectly. Any damage Atlanta might do will only harm Atlanta. That seems to be the moral surviving Tonya & Nancy.

the sight of Jansen holding his baby daughter. They began as a sideshow, but it is difficult to imagine now that the Games can ever be better than they were here.

Last September, the International Olympic Committee came dangerously close to awarding the 2000 Summer Games to Beijing. Could the Chinese have been trusted to promote the Olympic ideals with the purity of the Norwegians? Or would the Olympics themselves have again survived whatever foul message its transient caretakers ascribed to it?

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Many Thanks To the Many Class Acts

By Tony Kornheiser

Washington Post Service

LILLEHAMMER — Citius, altius, fortius: Swiftly, higher, stronger. And now: Celcius: Colder.

As we wave goodbye to Norway, let us remember to thank the people who made these last three weeks such fun.

Let us thank our Norwegian hosts for the unparalleled salmon, for the dependable transportation, for their unflinching graciousness and, most of all, for the plentiful hot water.

Let us remember the greatness of the athletes, such as Norway's Viking god, Johann Olav Koss. The Boss is not only the greatest long distance speed skater in the world — three races, three golds, three world records — but he's also donated all his winnings to the Olympic Aid charity benefiting young war victims in Bosnia and other ravaged lands.

Koss stands out over the long haul. So do both the Swedish and Canadian hockey teams, full of heroes, for one of the greatest games of all time. Nifty Oksana Baiul. The elegant Russian pair of Ekaterina Gordeeva and Sergei Grinkov. Class acts Brian Boitano, Torvill and Dean, and the incomparable Katarina Witt. The ebullient Tomba, Nancy Kerrigan, for standing up to inordinate pressure. And Dan Jansen, with the sweetest moment of all, a world record and a gold medal in his final Olympic race. Because of his many years of hard luck and his perseverance, Jansen is the most beloved of all 1,000 Olympians; the day after he won the 1,000, snickering out of the snow on the 5-6 highway to Hammer were three lovingly hand-lettered signs that simply said: "Dan."

Among other things (Nancy, Tonya) these Games will be remembered for being environmentally correct. They were officially named "The Green Games." One corollary to this environmental frenzy was the perpetual glaze of ice on the sidewalks and roads. The Norwegians won't use rock salt, which may explain why every fifth person you saw was hobbling around on crutches, having taken a flop on the ice.

And now a few words about the closing ceremony. Keep them short. Good. Additionally, there was a ceremony to introduce Nagano, Japan, as the next Winter Olympic city, and a snowdrop as the official emblem. Four Snowflakes, those cute little owls, are the official Nagano mascots, a much better choice than the preposterous Izzy, the official Atlanta mascot; everyone knows that the Atlanta mascot, in the spirit of "Hakon and Kristin, should be Ted and Jane.

One moment that gave me pause was when they brought in the expedition team. Six people and 40 huskies are on their way to Nagano "on Nature's own terms," using skis, sleds and sails. They are expected to arrive in 18 months. To which we can only say: Better than us.

And goodnight, Tonya, wherever you are.



As fireworks exploded over the ceremonies closing the 17th Winter Games, thousands of spectators further lit up the stadium in Lillehammer with flashlights.

This Is a Sport So Hot, It Has Truly Dark Sides

By George Vecsey

New York Times Service

HAMMAR — Don't ask me about the figure-skating judging. I don't understand it. Don't ask me about the scoring. I hated math when I was in school. Don't ask me about the jumps. I can't tell one from the other.

Fortunately for me, we subscribe to a private checklist of the skaters' routines, including music changes and jumps. The checklist says, "2:15 West Side Story, Double Axel-Double Toe Loop," and if the skater is circling around in her own private, I scribble, "No combo."

It's a lot more complicated than a 6-4-3 double loop. I'm a general sports columnist who doesn't claim expertise in figure skating, but I do know it's hot.

I know Oksana Baiul deserved the gold medal. I know some Nancy Kerrigan loyalists will say she was jobbed, but I will quote you two authorities — William Blake: "The tygers of wrath are wiser than the horses of instruction." And former Supreme Court Justice Potter Stewart: "I know it when I see it."

The tyger from Odessa won it. I knew it when I saw it. I'm oo expert but I am a junkie. The best event in Calgary in 1988 — better than a dozen Super Bowls — was Katarina Witt holding off Liz Manley, with Debi

Thomas wandering around in a romantic haze, with Midori Ito leaping like the Doctor J of Japan.

But this year was even wilder. I'm afraid my most enduring image of the 1994 Winter Games will be Tonya Harding, her face coming apart, breaking down on the ice as if from collective national disbelief, betrayed by her laces. Harding personified our worst nightmare, the Old Broken Shoe/Dream. This sport is so hot, it has truly dark sides.

I know I signed up for the national championships in Detroit with an inkling there would be any knee whacking. I made sure I was here to hammer for the Winter Games because it was going to be the best sports story for February of 1994, and I didn't even ask my paper for a bonus for going.

I have even been known to buy skating tickets for my wife, who was toting Oksana Baiul two years ago. Figure skating is very big with women, which accounts for the television ratings and makes it easier for me to cover this event without feeling like Humbert Humbert with a word processor.

My position used to be that I didn't know if it's a sport, like soccer or tennis, or a spectacle like professional wrestling or the circus, but I've changed my tune. It's a sport.

This was reinforced the day we were watching practice and we heard this sickening smack. Two young women had run into each other, and were reeling to the

ice. There was some doubt whether Baiul would be able to skate in the finals the next night, but I happened to sit near the ABC broadcaster, Donna de Varona, the former Olympic swimming champion.

Baiul would skate, de Varona said. How did she know? Athletes at Baiul's level are used to performing with pain, de Varona said, reciting chapter and verse of the times she and her teammates went out and swam with open wounds or deferred appendicitis.

The prospect of this beautiful child being deprived of her chance for a medal — after all the losses in her life — touched me the way opera never does. And the next day, when Oksana Baiul skated ethereally onto the ice, I located de Varona on press row and I stage-whispered, "You were right."

The finals reminded us why every network saves the women for last — weekend, prime time, big numbers, big bucks. This is the one sport in which the women are the best. I hear CBS is toying with the idea of four Grand Slam events, spread over 16 weeks. I'd locate the Grand Slam in Tokyo, St. Petersburg, Paris and New York or L.A. Think big.

I hope they wouldn't insult the viewers' intelligence by doling out snippets of competition with gobs of canned interviews. The world is ready for more and more figure skating. And don't forget the practices. In this strange, exotic and compelling sport, you never know.

Lillehammer, Again, Is the Sleepy Town That It Once Was

Compiled by Our Staff From Dispatches

LILLEHAMMER — This quiet town was getting ready Monday to doze off again.

The 16-day party that Lillehammer and all of Norway had worked five years to arrange at a cost of about \$1 billion had ended and the guests were going home.

There was still a buzz of activity. Mostly people moving out, packing up, closing down or on a frantic last-minute search for souvenirs.

"It was the biggest experience of my life, and it was sad to see it end," said handyman Asbjorn Hundere, 27, as he changed the lock on a main street store that had been rented out for the Games.

"But it will be good to have some peace," he added.

Some of the temporary restaurants opened to feed crowds of 100,000 were gone, while street crews had worked overnight to change road signs, helping to put Lillehammer back to what it had been: a quiet, picture-book town of 23,000 that has drawn tourists, artists and writers for a century.

The crowds that had packed Storgata, the main street lined by 19th century buildings, had receded, allowing locals to once again have the room to push baby carriages along the sidewalks.

"It was impossible during the Games," said Unni Worrum, 56, who was pushing her grandchildren in a stroller.

But, she added: "It was wonderful."

In Lake Buena Vista, Florida, Nancy Kerrigan questioned the judging of the figure skating competition in which Oksana Baiul won the gold medal.

Wearing her silver medal, Kerrigan was paraded before thousands of cheering fans at Disney World. She is under contract to the Walt Disney Co. and ABC to perform on television, make a Disney movie, participate in Disney's Easter and Christmas parades and do commercials.

"I know the judges are supposed to deduct for errors, and I'm not quite sure they did that because I was flawless," Kerrigan said after the parade. "Oksana, although she's a great skater and real nice to watch ... did have a couple of mistakes."

"They're supposed to take off points for that," Kerrigan added.

Peter Moeller, the former Olympic medalist whom Lillehammer speed-skating winners Dan Jansen and Bonnie Blair had insisted on having as their coach, is quitting as coach of the U.S. team because of problems with "people in positions of power."

"It's just a thing they have with me," he said in an interview with the Milwaukee Sentinel. "If I say 'left,' they say 'right.' If I say 'white,' they say 'black.'"

"I'm just fed up with a lot of things," he said. "People in positions of power aren't helping the skaters and I'm tired of dealing with them."

Mueller, 39, was hired as the coach of the U.S. Olympic team three years ago at the insistence of Jansen, Blair and other skaters who practiced in Milwaukee.

Surya Bonaly, the French figure skater, and Alain Giletti, her latest coach, are parting ways after another disappointing Olympics, the French Skating Federation announced.

Giletti showed up at competitions with Bonaly, but most of her training was handled by her mother, who is not a recognized trainer. Bonaly came in fourth in the competition, after winning her fourth European title.

Giletti had been named Bonaly's coach to 1992, following her breakup with Didier Gailhaguet after the 1992 Olympics. She had finished fifth in Albertville.

The CBS telecast of the finals of the figure skating competition was seen by an estimated 119 million U.S. viewers, according to preliminary network figures.

This was down from the record-setting 126.5 million that gathered in front of their sets Wednesday night to watch Act 1 of the Harding-Kerrigan Face-Off. But when all the votes are in, CBS said, Friday will stand as the second-biggest Olympics viewing night ever.

CBS said the skating finals produced the highest-rated Friday for any network in television history, with the preliminary 30-city Nielsen rating of 43.9 far outdistancing the 35.2 national rating earned on a Friday by both an episode of ABC's "Wings of War" (in 1983) and "Who Shot J.R.?" (episode of CBS's "Dallas" in 1980).

Each ratings point represents 942,000 TV homes. A share is the percentage of sets in use at the time of the broadcast.

(AP, WP)

SIDELINES

England Rugby Manager Resigning

LONDON (Reuters) — Geoff Cooke said Monday he will resign as the manager of England's rugby union team after this season's Five Nations championship, which is 15 months earlier than expected.

Cooke, in a statement, said he "had originally hoped to continue until the 1995 World Cup, but it has become increasingly difficult to reconcile the demands of being England's manager with my personal and business life."

Appointed England's manager in October 1987, he was due to be in charge until after next year's World Cup to South Africa. His teams won the 1991 and 1992 Grand Slams and made it to the last World Cup final.

Korean Rookie Impresses Dodgers

VERO BEACH, Florida (AP) — For at least one day, Chan Ho Park looked like Sandy Koufax: Facing major league hitters for the first time, the 20-year-old rookie from South Korea pitched two hitless innings Sunday for the Los Angeles Dodgers in an intrasquad game.

Chan, with a fastball that has been clocked above 90 mph, struck out three.

"Chan Ho threw the ball great," said the Dodgers' manager, Tom Lasorda.

For the Record

The Tour of Britain cycling race has been called off this year after an eight-month search for a new sponsor, the British Cycling Federation announced.

Janine Nicholson, 22, the British-born boxer who was a six-time Australian amateur champion, was one of two people killed in a car accident Monday to Helensvale, the Australian National Boxing Federation (AP) announced.

Cam Neely scored his 45th and 46th goals in Boston's 4-0 victory to Chicago to pass Toronto's Dave Andreychuk and Detroit's Ray Sheppard for the NHL's goal-scoring lead.

Craig Stadler shot 6-under-par 66 to beat Steve Lowery by one stroke in the Buick Invitational in San Diego. Lowery shot 68 for his highest finish in more than five years on the tour.

Chris Hinton, the guard elected eight times to the NFL's Pro Bowl while playing for Atlanta, has agreed to a three-year contract with Minnesota that reportedly averages a little over \$2.5 million a year. (AP)

Endeavor Leads Merit, as Intrum Closes Amid Ice

The Associated Press

SOUTHAMPTON, England — New Zealand Endeavor, which regained the lead from Merit Cup of Switzerland over the weekend, held a lead of 27 nautical miles Monday as the fleet dodged icebergs on the fourth leg of the Whitbread Round the World Race.

In third place — and closing in on the two Maxi leaders — was the Whitbread 60 yacht Intrum Justitia.

The European entry was 45 miles behind Endeavor, but was traveling at a faster speed thanks to its position as the southernmost boat in the fleet.

"We are very concerned about the iceberg situation," Intrum Justitia's navigator, Marcel van Triest, said from the boat.

"Some are so small they are impossible to see during the night but large enough to break the rudder."

The leading boats are in the southern Pacific Ocean, some 3,000 miles from the fourth leg's finish at Punta del Este, Uruguay. They are expected to arrive there about March 10.



Visitors leaving the Games clogged the thoroughfares of Lillehammer; Monday, residents of the town could drive on their streets again.

A U.S. Secret: The World Cup Is Coming Soon

The Associated Press

NEW YORK — Four months before the first World Cup in the United States, 4 of 5 Americans don't even know the soccer will be played in their country.

A Harris Poll released Sunday said only 20 percent of Americans realize the world's most-watched sports event will be played in the United States — but up from 13 percent in a similar Poll in October — and just 18 percent are aware it will be played in 1994. Only 25 percent know the World Cup involves soccer.

Fifty-three percent of Americans said they aren't interested in watching a World Cup game on television, and 62 percent said they have no interest in attending one of the games.

The survey of 1,252 adults was conducted from Feb. 2-6 and has an error margin of 3 percent. Soccer officials last week expressed approval for the job they've done in promoting the World Cup, which will be played in nine cities from June 17-July 17.

ART BUCHWALD

Watching People Talk

WASHINGTON — People who work in the daytime don't know what they're missing on television. It took a mammoth snowstorm to make me realize what people are watching these days.

Talk shows are replacing soap operas, and the subjects range from "Wives who run away with their children's school-bus drivers" to "Teenagers who live with their parents but haven't talked to them in five years."

I was clicking along the channels when I saw a talk-show host with a microphone say: "Today we will discuss mothers who prefer pets to their children. Joining our panel are mothers who have decided to devote whatever psychic energy they have to their French poodles, and children who feel that they have been ignored by their parents whenever they ran out of movie money. First of all, Mrs. Davidson, what made you love animals more than your own children?"

She replied: "I find that every time I want to hug my daughter she says, 'Do we have to do the mother

bit again?' When I pet my dog he wags his tail and barks. I'm getting more stroking out of Alonzo."

Wanda, sitting next to her mother, said: "Ever since I was a child my mother brushed the dog's hair before mine. Is it any wonder that I'm on this show?"

"Thank you both. And now Mrs. Claxton, you have a cat."

"Yes, I have a beautiful Siamese and three daughters. If I had my way, I would have three cats and one daughter."

"Your daughters, who are sitting next to you, maintain that you speak softly to the cat but use a big stick when you talk to them."

"That cat doesn't give me any back talk the way my daughters do."

One of the daughters said, "I'm allergic to cats."

Mrs. Claxton retorted, "You just say that because I won't allow you to bring boys up to your bedroom."

Another daughter said, "You sit there with the cat on your lap and pet it and whisper things like, 'If you are not a good cat you will wind up like one of my daughters.'"

"O.K., let's take some calls, Spokane, Washington."

"Thank you very much. I have a different situation in that my son and his dog are constantly gang-banging on me. I don't like the dog and he knows it. My son says that if I don't like the dog I don't have to stay in the house. I pointed out that it was my house and he responded, 'In that case I'm going to hire a lawyer.'"

"Thank you very much. Fort Lauderdale, Florida."

"I would like to ask the first mother if she and her daughter ever sought counseling over the dog."

Mrs. Davidson answered: "We were willing to do it, but the dog wouldn't like the dog I don't have to stay in the house. I pointed out that it was my house and he responded, 'In that case I'm going to hire a lawyer.'"

"Thank you, Fort Lauderdale. We have on the line Dr. Flaubert, who specializes in dysfunctional families. Dr. Flaubert, what is your solution to the problem when a parent spends more time with her pet than she does with her children?"

"Goldfish."

"Goldfish."

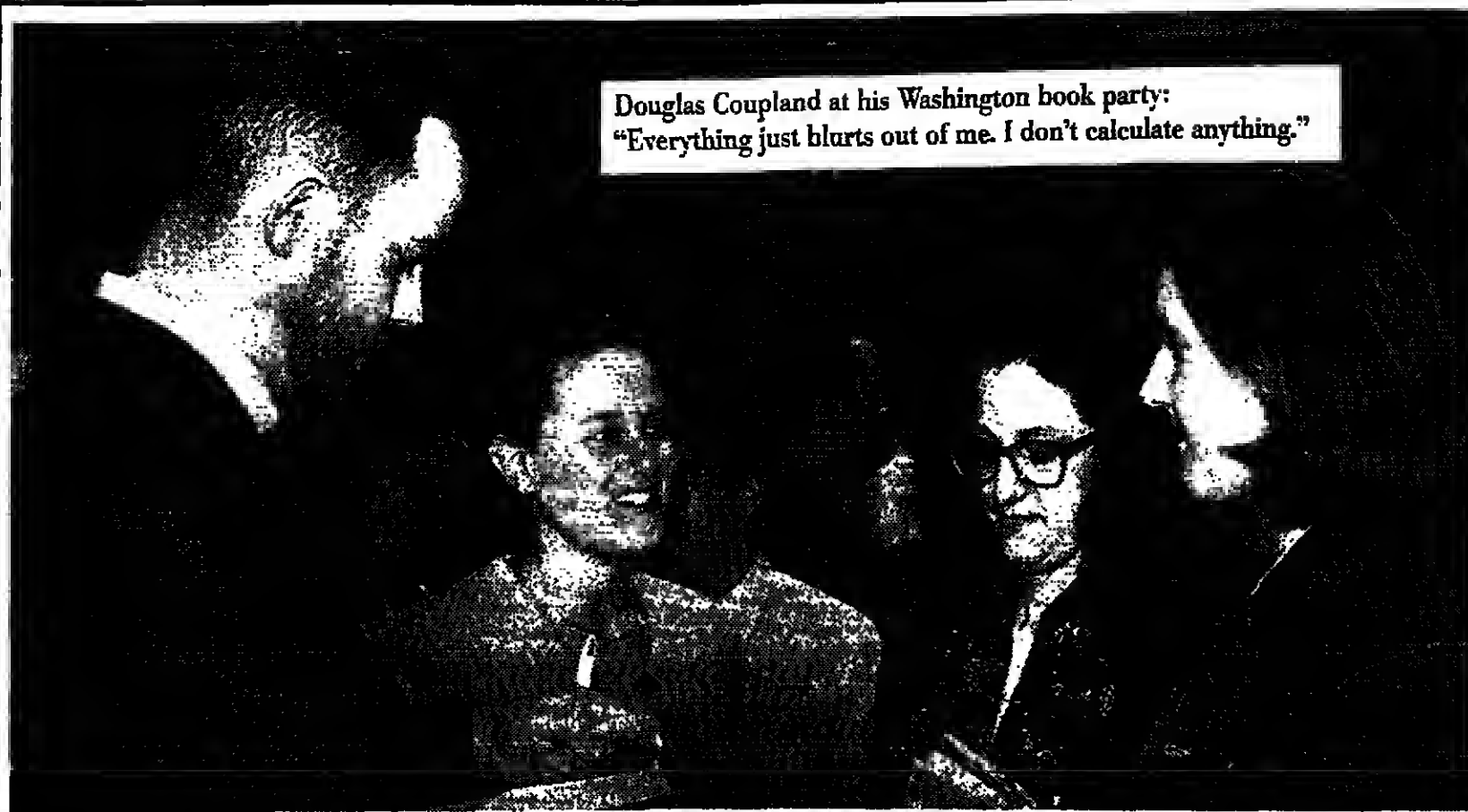
Lisbon as the Capital Of European Culture

Agence France-Presse

LISBON — President Mario Soares inaugurated Lisbon's year as Europe's cultural capital with a series of events highlighted by a concert by the London Symphony Orchestra, conducted by George Soli.

Plays, concerts, opera, dance, films, exhibitions and conferences are planned for the "Lisbon 94" program. Vitor Constancia, a former head of the Socialist Party and former governor of the Bank of Portugal, said the events aimed to "project Lisbon, and therefore Portugal, in its cultural role in a European context."

Lisbon's yearlong cultural reign began Saturday with the "Lisbon nonstop" initiative, with 27 bars and discos open all night until 10:00 A.M. Sunday.



Douglas Coupland at his Washington book party: "Everything just blurs out of me. I don't calculate anything."

'Life After God' and the Prophet of Cliché

By Roxanne Roberts

Washington Post Service

WASHINGTON — The twentysomethings are searching for God. And their prophet wears army boots laced halfway up, but never used all the way. "One could — but one doesn't," explained Douglas Coupland, struggling to define the nuances of Generation X cliché.

Every generation has its mission. This one spends its time contemplating spiritual truth and sartorial sins. Saints are praised — and grunge is passé.

At least that was the word one night at the Canadian Embassy, where young and not-so-young Washington intellectuals threw a book party for Coupland, the 32-year-old author of the newly released "Life After God." In 1991, his best-selling first novel, "Generation X: Tales of an Accelerated Culture," made him the wonder boy of postmodernism. Now he's being compared to Salinger and Hemingway — until the next baby genius pops up.

And so The New Republic, to which Coupland is a regular contributor, swept out its aristocracy — including the editor, Andrew Sullivan, the executive editor, David Shipley and his wife, the writer Naomi Wolf — and a hundred Washington Xers lusting for their turn in the spotlight.

"One of the great characteristics of Generation X is its incredible ability to market itself," said Richard Blow, 29, managing editor of the newly revived *Rolling Stone* magazine. "And Doug Coupland both writes about that and practices that."

No, insisted Coupland: "Everything just blurs out of me. I don't calculate anything. I've never, ever done that. Ever."

Blow smiled at his friend. "Say Doug has an incredible ability to coincide with the Zeitgeist."

There are 41 million Americans born between 1961 and 1971, raised on reruns of "The Brady Bunch," eager to read anything by someone who understands that everything's a cliché, everything has been done before.

Coupland understands. He used to be wry and world-weary, but now Coupland is on the search for Greater Meaning, sort of a New Age thing without mantras. "You Are the First Generation Raised Without Religion," proclaims the cover of the pinstriped book. His publisher, Pocket Books, printed more than 50,000 copies. "Life After God" is now on the San

Francisco Chronicle's best-seller list. "He's very Bay Area," said a spokesman.

For a guy who gets up around noon every day, Coupland gets a lot done when he's not searching for God. Besides contributing to *The New Republic* and *The New York Times* Op-Ed page, he's flack-ing the book with a series of 30-second "interviews" on MTV and, Andy Warhol-like, exulting celebrity while collecting celebrities as friends. A section of the book is dedicated to REM lead singer and new pal Michael Stipe because, as he told *Elle* magazine, "REM was one of the few things that didn't suck about the '80s."

"Two years ago, I took 'Generation X' to the beach assuming it was going to be awful," said Sullivan, who just turned 30. "It was such an individual voice and so great, I immediately called him up and said, 'You should write for us.'"

The voice of his generation has his hair cut short on the sides, jug ears, a thin mustache and beard. For his book party, the Vancouver native wore Canadian Army boots and a custom-made Sunday formal suit of the Hutterites, a religious sect known for its simplicity.

His religion?

"Just call me a Freeway Bradist," he told the audience. Later he was asked to elaborate. "We dream of being infinite, we dream of resolution, we dream to give our hearts away," he said.

Perhaps Generation Xers understood immediately, but a slightly confused thirtysomething reporter had to ask Coupland to deconstruct his answer. "Freeways are implicitly infinite, TV is implicitly half-hour resolution-oriented, and transcendence means giving yourself away."

"My New resolution on this year is to learn how to affect a British accent," he told the crowd. The crowd was appropriately appreciative, even those who couldn't tell whether Coupland was serious.

Finely tuned to the use of irony, the Xers understand — but just don't call them twentysomething sheep.

"I wouldn't want anyone to speak for me," said Sam Fleming, 26, a health-care reimbursement consultant and motorcycle racer. "I'm a very self-actualized person."

"This Generation X thing is entirely constructed by people in their 40s who became addicted to the idea of a generation," said Sullivan. "And I hope it dies with them."

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PEOPLE

A Michael Jackson Hit: The Singing Witness

Court testimony as a hot new video? Yes, when the witness is Michael Jackson, testifying in a recent copyright fight. On a 50-minute cassette of his appearance in federal court on Feb. 14, the pop star snaps his fingers and sings bits of his "Dangerous" and "Billie Jean." The U.S. District Court in Denver has sold about 50 copies, at a cost of \$15, and more orders are streaming in, a clerk said. "We have not copyrighted this," the clerk said. "It's a public record." In a \$40 million lawsuit, a Denver songwriter had accused Jackson of stealing "Dangerous" from a demo tape. The jury cleared Jackson.

"Smoking/No Smoking," a comedy directed by Alain Resnais, won France's 1994 César award for best film, and Resnais was named best director and Pierre Arditi, who starred in the film, was named best actor. Juliette Binoche won the best actress award for her role in Krzysztof Kieslowski's "Blue." The prize for best foreign film went to "The Piano," directed by Jane Campion of New Zealand.

Even freezing water doesn't ruffle Arnold Schwarzenegger. He spent about two hours in a wet suit, jumping in and out of freezing water at Salve Regina University, in Newport, Rhode Island, for the opening sequence of "True Lies," his latest film. "It's always tough, but whatever job you have, if you love it, then it's O.K.," he said.

Britain's National Gallery is getting a rare self-portrait of Thomas Gainsborough and his family valued at £1.75 million (\$2.59 million), the government said. The Department of National Heritage said the painting was being given to the museum in lieu of £1.1 million inheritance taxes owed by the estate of the late Marquess of Cholmondeley, who died in 1990. Completed sometime before 1760, the portrait "is the only known family group of the artist, his wife and elder daughter," the government said.

INTERNATIONAL CLASSIFIED

Appears on Pages 4 & 19

WEATHER

Forecast for Wednesday through Friday, as provided by Accu-Weather.

Europe

	Today	High	Low	Tomorrow	High	Low
Algeria	16/61	9/48	19/68	12/53	9/48	19/68
Amsterdam	7/44	3/37	9/48	7/37	3/37	9/48
Athens	17/62	9/32	13/55	10/37	6/32	13/55
Berlin	21/70	9/48	18/64	10/50	6/32	13/55
Brussels	12/53	7/44	16/61	10/50	6/32	13/55
Copenhagen	16/61	5/41	13/55	10/37	6/32	13/55
Dublin	4/29	1/24	6/43	2/29	0/24	6/43
Frankfurt	6/43	2/25	9/48	2/25	0/24	6/43
Geneva	9/48	4/28	13/55	10/37	6/32	13/55
Hamburg	9/48	4/28	13/55	10/37	6/32	13/55
London	11/53	4/29	9/48	3/37	0/24	6/43
Madrid	14/57	8/49	19/68	12/53	9/48	19/68
Moscow	11/53	4/29	9/48	3/37	0/24	6/43
Nice	8/48	3/41	7/44	4/29	3/37	9/48
Paris	14/57	7/44	14/57	7/44	3/37	9/48
Prague	7/44	3/37	9/48	7/37	3/37	9/48
Rome	14/57	7/44	14/57	7/44	3/37	9/48
Stockholm	14/57	7/44	14/57	7/44	3/37	9/48
Toronto	14/57	7/44	14/57	7/44	3/37	9/48
Warsaw	14/57	7/44	14/57	7/44	3/37	9/48
Zurich	14/57	7/44	14/57	7/44	3/37	9/48



North America
Heavy rains in the Southeast states at midweek, with frequent heavy rains from Ireland to Scotland. London to Paris will only have a few showers. Much of Scandinavia will remain cold with a bit of snow and ice from Oslo to Stockholm. Southern Europe will be sunny with springlike warmth.

	Today	High	Low	Tomorrow	High	Low
Bombay	20/68	11/52	21/70	14/57	9/48	21/70
Buenos Aires	25/77	18/61	25/77	18/61	25/77	18/61
Cairo	25/77	18/61	25/77	18/61	25/77	18/61
Caracas	25/77	18/61	25/77	18/61	25/77	18/61
Chicago	25/77	18/61	25/77	18/61	25/77	18/61
Denver	25/77	18/61	25/77	18/61	25/77	18/61
Hong Kong	25/77	18/61	25/77	18/61	25/77	18/61
London	25/77	18/61	25/77	18/61	25/77	18/61
Los Angeles	25/77	18/61	25/77	18/61	25/77	18/61
Manila	25/77	18/61	25/77	18/61	25/77	18/61
Moscow	25/77	18/61	25/77	18/61	25/77	18/61
Mumbai	25/77	18/61	25/77	18/61	25/77	18/61
New York	25/77	18/61	25/77	18/61	25/77	18/61
Osaka	25/77	18/61	25/77	18/61	25/77	18/61
Paris	25/77	18/61	25/77	18/61	25/77	18/61
San Francisco	25/77	18/61	25/77	18/61	25/77	18/61
Seoul	25/77	18/61	25/77	18/61	25/77	18/61
Singapore	25/77	18/61	25/77	18/61	25/77	18/61
Tokyo	25/77	18/61	25/77	18/61	25/77	18/61
Washington	25/77	18/61	25/77	18/61	25/77	18/61

Legend: s=sunny, c=partly cloudy, cl=cloudy, sh=showers, l=light rain, r=rain, dr=drizzle, snow, ice, fog, etc. All maps, forecasts and data provided by Accu-Weather, Inc. © 1994

Asia

	Today	High	Low	Tomorrow	High	Low
Bangkok	32/86	24/75	30/81	24/75	30/81	24/75
Beijing	7/44	4/29	9/48	4/29	9/48	4/29
Hong Kong	17/62	13/55	17/62	13/55	17/62	13/55
New Delhi	28/82	21/70	32/91	21/70	32/91	21/70
Seoul	27/80	12/53	28/82	12/53	28/82	12/53
Shanghai	3/27	0/24	3/27	0/24	3/27	0/24
Singapore	8/48	4/29	8/48	4/29	8/48	4/29
Taipei	28/82	21/70	32/91	21/70	32/91	21/70
Tokyo	19/68	11/52	19/68	11/52	19/68	11/52
Yokohama	8/48	3/41	7/44	4/29	3/37	9/48

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Algeria	16/61	9/48	19/68	12/53	9/48	19/68
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Prague	7/44	3/37	9/48	7/37	3/37	9/48
Rome	14/57	7/44	14/57	7/44	3/37	9/48
Stockholm	14/57	7/44	14/57	7/44	3/37	9/48
Toronto	14/57	7/44	14/57	7/44	3/37	9/48
Warsaw	14/57	7/44	14/57	7/44	3/37	9/48
Zurich	14/57	7/44	14/57	7/44	3/37	9/48

Denver	13/55	2/35	s	15/59	0/52	s
Detroit	1/34	-4/25	pc	1/34	-4/24	pc
Honolulu	25/82	21/60	t	25/82	21/70	pc
Houston	17/82	8/43	t	18/81	8/43	pc
Los Angeles	27/80	11/52	s	23/73	10/50	s
Miami	25/77	18/69	pc	29/78	17/62	sh
Minneapolis	2/35	-3/52	pc	3/35	-4/25	pc
Portland	-18/15	-4/16	s	-4/22	-13/17	pc
Pasadena	24/75	20/68	sh	27/80	20/68	s
New York	3/37	-2/38	pc	3/37	-5/33	pc
Phoenix	26/78	13/55	s	26/78	13/55	s
San Francisco	8/48	8/48	s	19/66	11/62	pc
Seattle	14/62	8/48	s	14/62	8/48	s